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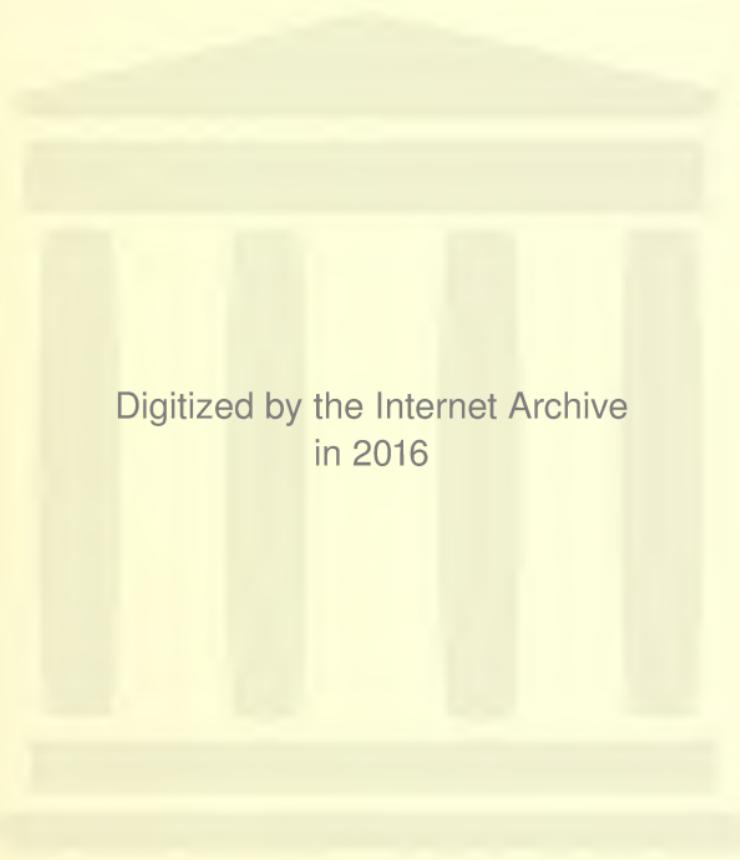


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SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

SPECIAL MEETING

DOCUMENTS DEPT.

JAN - 6 2005

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Tuesday, January 11, 2005
11:45 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Richard Sklar, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY



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Disability Access

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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

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Lobbyist Registration and Reporting Requirements

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

Seminar Five: Water Supply Improvement Program Review of Key Policy Areas

- I. Introduction
- II. Key Policy Areas
 - a. Seismic
 - b. Delivery Reliability
 - c. Water Supply
 - d. Water Quality
- III. Preview of January 13, 2005 Workshop (City Hall, Room 408, 9 am-4 pm)
- IV. Discussion and Feedback

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



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ORDER OF BUSINESS:

1. Call to Order: 11:54 A.M.

Vice President Sklar called the meeting to order at 11:54 A.M.

Gavin Newsom
MAYOR

MINUTES

January 11, 2005

11:45 A.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President

The Honorable Richard Sklar, Vice President

The Honorable Ann Moller Caen

The Honorable Adam Werbach

The Honorable Ryan L. Brooks

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Hetch Hetchy Water & Power

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Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY

2. Roll Call: Present – President E. Dennis Normandy, Vice President Richard Sklar, Commissioner Ann Moller Caen, Commissioner Adam Werbach, Commissioner Ryan L. Brooks

President Normandy arrived at 11:57 A.M.

3. Public Comments on matters not on today's agenda.

There were none.

**Seminar Five: Water Supply Improvement Program
Review of Key Policy Areas**

I. Introduction

II. Key Policy Areas

- a. Seismic
- b. Delivery Reliability
- c. Water Quality
- d. Water Supply

III. Preview of January 13, 2005 Workshop (City Hall, Room 408, 9 am-4 pm)

IV. Discussion and Feedback

Ms. Susan Leal, General Manager of Public Utilities, announced this was the last workshop and that the purpose of this workshop was to gather feedback from the Commissioners, stakeholders, and the public.

Mr. Tony Irons, Deputy General Manager of Infrastructure and Operations, reviewed the key questions from the previous workshops: (1) What level of service does the SFPUC wish to achieve following a major earthquake event? (2) What level of water delivery reliability does the SFPUC wish to achieve? (3) Does the SFPUC wish to meet all federal, state and local water quality requirements? (4) Can the SFPUC meet the purchase request of its customers? What alternative water supply options does the SFPUC wish to pursue to provide greater availability of water supply and storage?

(5) What shortages are acceptable during the designed drought? and (6) Stewardship.

Commissioner Werbach remarked that on question (3), SFPUC does not have a choice; on question (4), "can" should be "should"; and on question (6), noted fish as a customer base was a budget buster and asked if fish should have its own question.

Mr. Irons stated the purpose of the decisions to be made by the Commission would (1) Establish the goals and objectives for the WSIP, (2) Focus the CEQA review process, (3) Establish a project list, (4) Establish cost parameters for the program, (5) Establish a criticality-based schedule, (6) Provide the design basis for system engineering, and (7) Produce a long-term operation plan.

Mr. Irons reviewed the Baseline Assumptions which were based on system-wide delivery:

1. Seismic: (a) Earthquake Magnitudes are the maximum credible earthquake provided by the United States Geological Survey; (b) Level of service is defined as a volume of water within the SFPUC system 24-hours after a major event.
2. Delivery Reliability: (a) One unplanned outage concurrent with one planned outage; (b) Critical projects required are: Calaveras Reservoir, Irvington Tunnel, Harry Tracy Water Treatment Plant Long Term Improvements, Bay Division Pipeline Hydraulic upgrade, and San Joaquin Pipeline #4 (various engineering options).
3. Water Quality: SFPUC to provide high quality water meeting existing and anticipated local, state and federal requirements.
4. Water Supply: (a) SFPUC will meet purchase requests; (b) Designed drought of 8 ½ year duration; and (c) SFPUC will meet existing agreements regarding fish flow.

Mr. Art Jensen, General Manager of Bay Area Water Supply and Conservation Agency (BAWSCA), stated under Seismic Reliability, there would be environmental benefits associated with improving water system reliability. For example, SFPUC was prohibited from discharging drinking water through the environment – whether it was through flushing hydrants, construction projects, or pipeline breaks. He stated drinking water released to the creeks during an emergency might not require a permit or result in a fine if the fish were hurt.

Ms. Jenna Olsen, Bay Area Water Stewards (BAWS), stated emphasis on projects were inappropriate right now and BAWS was advocating use of cross connections to increase capacity of the system. She described the projects listed under Delivery Reliability as the most contentious projects and were not the projects that could most quickly increase and improve water delivery. Ms. Olsen also stated it was inappropriate to meet purchase requests assumed under Water Supply (a) until after the Programmatic Environmental Impact Review (PEIR).

Commissioner Werbach stated he wanted the Commission to make the policy decisions before the CEQA process and remarked there

was no flexibility under Water Supply (c) for fish flow.

Commissioner Caen stated she thought the Commissioners would want everything – the optimum in every category. She remarked the main question would be funding and asked if Thursday's workshop would include this information. Mr. Irons answered in the affirmative.

Commissioner Brooks noted the program could change because of the results of the PEIR.

Mr. Jensen stated he didn't assume the SFPUC would supply what BAWSCA was asking for because the Commission would not be making a decision until the PEIR was completed. He noted for that reason, it was appropriate that this was the number used.

Ms. Olsen reported Mr. Michael Carlin, SFPUC Planning Bureau Director, presented an excellent scenario on a worst-case drought and asked if the Commissioners would be receiving the same information. Mr. Irons replied Mr. Carlin would be addressing a drought scenario at the next workshop.

Mr. Irons concluded his presentation with a description of the decision process and an example of a scenario for the Commissioners to review at the January 13th workshop. Ms. Leal stated staff was looking for direction on Thursday and expected to answer questions from the Commissioners, stakeholders, and members of the public.

Vice President Sklar replied to a general comment during the process of the workshops about whether this process should have been done 4-5 years ago and if the SFPUC wasted a lot of time in the interim. He replied that the answer to the first part of the question might be "yes," but the PEIR had to be done now. In answer to the second part of the question, he stated the program was well thought out, but anticipated some changes.

Public Comments:

Mr. Francisco da Costa, Environmental Justice Advocacy, asked the Commissioners to: (1) Pay attention to the Phase I, II, III, and IV documents provided by the Budget Analyst; (2) Pay attention to the Grand Jury reports; (3) Remember that Proposition A didn't give carte blanche to the Commission and SFPUC needed to focus on the reliability of the water system in the event of a major earthquake; (4) Keep on top of the mandated timelines for the WSIP and focus on repercussions from earthquakes on Calaveras Dam and Irvington Tunnel; and (5) Be aware that the voters might go back to the ballot with a proposition to mandate exactly how the money for Proposition A would be spent and to place a cap on it.

Ms. Olsen stated the workshop series should have been entitled, "Water Supply Reliability." She restated her original question, "What policies and resources would allow the SFPUC to continue to provide water to customers – both wholesale and retail – in a way that would ensure public health, safety, a thriving economy, and a healthy environment?" She answered, "By diversifying supply options and applying demand-side measures while providing fresh water flow through healthy rivers and wildlife ecosystems." She expressed disappointment that stewardship was not a topic at the same level as Water Supply and Reliability and felt that the environmental community was not being heard.

Vice President Sklar replied the issue of stewardship was not being ignored and attention was being paid to it. Commissioner Werbach stated he didn't want stewardship talked about separately and that he believed the question of stewardship was being integrated into all the other discussions.

There being no further business to discuss, the meeting was adjourned at 1:19 P.M.

Mary Y. Jung
Secretary



Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.





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CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, January 11, 2005
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the December 14, 2004 Special Meeting
 - b) Minutes of the December 14, 2004 Regular Meeting
4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.
5. Communications
6. Old/Ongoing Business by Commissioners
7. Introduction of New Business by Commissioners
8. Commission Business
9. Report of the General Manager
 - a) Environmental Defense Presentation
 - b) Employee Recognition Program
 - c) Storm Update

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

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CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Accept work performed for Contract No. CW-318, Tara and Tingley Streets Sewer Replacement; approve Modification No. 1 (Final) decreasing the contract by \$39,054.24, for a total contract amount of \$200,825.76, and authorize final payment of \$28,362.58 to Harty Pipelines, Inc.

b) Staff Recommendation: Accept work performed for Contract No. CW-338, Energy Management and Monitoring System; approve Modification No. 2 (Final) increasing the contract by \$16,860, for a total contract amount of \$557,955, and with a time extension of 23 consecutive calendar days for a total of 263 consecutive calendar days; and authorize final payment of \$57,689.75 to HSQ Technology Corp.

c) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of Public Utilities, dated December 3, 2004, and approved by the President of the Commission; and authorize the General Manager to instruct Catellus Land and Development Corporation to immediately proceed with slip lining repair of the 16-inch low pressure water main at 16th and 7th Streets, per the Memorandum of Understanding.

REGULAR BUSINESS

11. Public Hearing – To consider amending the Rules of Order of the San Francisco Public Utilities Commission. (Jung)

Staff Recommendation: Amend the Rules of Order to add “Commission Business” to the official order of business and move “Public Comments” up towards the beginning of the regular meetings.

12. Discussion and possible action related to modifying Contract No. WP-23, O'Shaughnessy Domestic Water System Improvements, and transferring funds between Project CUH941, Hetch Hetchy Security and Control – East, and Project CUH383, O'Shaughnessy Domestic Water System Renovations. (Laramendy)

Staff Recommendation:

Approve a transfer of funds of \$26,820.36 from Project CUH941 to Project CUH383 and approve Modification No. 3 (Final) to Contract No. WP-23, for a final contract amount of \$559,513.36, and authorize final payment of \$37,124.51 to Mitchell Engineering. The remaining funds in CUH383 include an encumbered contract balance of \$8,942.15 and a remaining project balance of \$1,362.00 for a total of \$10,304.15. The transfer of funds from CUH941 combined with the remaining funds for CUH383 will be sufficient to cover the final contract payment.

CLOSED SESSION

13. Public comments on matters to be discussed in Closed Session.

14. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

15. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a). (Clayton)

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code Section 67.10(d): (Milstein)

Existing Litigation: Abbushi, et al., v. City and County of San Francisco, San Francisco Superior Court Case No. CGC-04-436545.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

17. Announcement following Closed Session.

18. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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MAYOR****MINUTES****January 11, 2005****1:30 P.M.****City Hall, Room 400****Dr. Carlton B. Goodlett Place****COMMISSIONERS**

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**Susan Leal
GENERAL MANAGER**

**Mary Y. Jung
SECRETARY**

ORDER OF BUSINESS:

1. Call to Order: 1: 38 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Richard Sklar, Commissioner Ann Moller Caen, Commissioner Adam Werbach, and Commissioner Ryan L. Brooks

3. Approval of Minutes

Moved by Commissioner Caen, seconded by Commissioner Sklar, to adopt the Minutes of the December 14, 2004, Special Meeting and the December 14, 2004, Regular Meeting; passed (5-0) unanimously.

4. Public Comments

Mr. Art Jensen, General Manager of the Bay Area Water Supply and Conservation Agency (BAWSCA), announced the former Mayor of Hillsborough and former Director of BAWSCA passed away recently. President Normandy conveyed the Commission's condolences to the family and asked the Commission Secretary to follow up with an appropriate memorial.

Ms. Joan Girardot, San Francisco resident, asked the Commission to note that San Francisco was surrounded by seawater and more could be done to fight fires with this resource. She asked the Commission to convey these thoughts to the San Francisco Fire Commission.

Mr. Emeric Kalman, San Francisco resident, stated the SFPUC was mandated to provide information to the public in a timely manner and must accept public input. He noted having two meetings on one day created unreasonable pressure on the public to read and analyze the information created for the meetings.

5. Communications

Commissioner Werbach commented on a memorandum received regarding Mr. Peter Gleick's study about California's use of water. He stated the report concluded that the California economy had tripled in size, the state population had increased by 75%, and total water use had declined, with per person water use declining even more. He stated the results show that the assumption of ever-increasing water demand had been wrong for 30 years.

Commissioner Werbach asked for a report on the Management Audit of Hetch Hetchy from the Budget Analyst. Ms. Susan Leal, General Manager of Public Utilities, replied staff would make a presentation as soon as the Management Audit was completed. Commissioner Caen remarked her copy of the audit was missing the General Manager's response and asked for the missing pages.

President Normandy commented on correspondence received from

Mr. Brian Browne regarding the Water System Improvement Program (WSIP) and asked Mr. Tony Irons, Deputy General Manager of Infrastructure and Operations, to factor in some of the issues raised.

6. Old/Ongoing Business by Commissioners

Commissioner Brooks reminded staff he requested a list of the local business enterprises – program management consultants – qualified to work on WSIP. Ms. Leal agreed to provide this.

7. Introduction of New Business by Commissioners

Commissioner Brooks stated Ms. Girardot's comments regarding seawater and firefighting should be taken seriously and asked staff to consider how using San Francisco's biggest resource (seawater) could save other water resources.

8. Commission Business

Vice President Sklar reported he had received numerous phone calls from firms interested in giving the Commissioners advice and in working with the SFPUC. He announced he would not be seeing anyone regarding this for the next 60 days, and that when he did eventually have contact, he would make note of it in his records, noting when and where.

Commissioner Brooks stated he also had a policy, but it was an open door policy and the public was advised – especially small businesses – he would be available to listen to their concerns.

President Normandy remarked it was important for each Commissioner to decide for themselves how to handle contact with the public and the private sector.

President Normandy raised the issue of the Request for Proposals (RFP) for the WSIP and asked for continual updates from staff regarding this.

9. Report of the General Manager

a) Environmental Defense Presentation

Ms. Leal announced this report would be given in February when the WSIP workshops are over and more time could be devoted to it.

b) Employee Recognition Program

Ms. Leal presented the new Employee Recognition Program, stating

it was designed by the employees and was a two-year pilot program for 2005 and 2006. She stated there would be individual awards to be awarded quarterly, annual teamwork awards, and service awards to honor long-term employees.

Ms. Leal announced a former SFPUC employee, Ms. Linda Denari, passed away recently.

c) Storm Update

Ms. Leal reported the proactive efforts of staff before and during the rainstorms generated positive press. She stated staff provided information to flood-prone communities and had an aggressive team cleaning the catch basins and other sewer areas. She remarked San Francisco had been lucky the rain was not as intense as it had been in past years.

President Normandy reminded Ms. Leal the Commission would like to see consistent reports as part of the General Manager's reports.

Vice President Sklar asked for an update on the Treasure Island power generators.

Ms. Leal announced a roof collapsed on a 500,000 gallon reservoir located on Treasure Island.

CONSENT CALENDAR

10. Moved by Commissioner Sklar, seconded by Commissioner Brooks, to adopt items (a), (b), and (c) under the Consent Calendar; passed (5-0) unanimously.

a) Resolution No. 05-0001: Accept work performed for Contract No. CW-318, Tara and Tingley Streets Sewer Replacement; approve Modification No. 1 (Final) decreasing the contract by \$39,054.24, for a total contract amount of \$200,825.76, and authorize final payment of \$28,362.58 to Harty Pipelines, Inc.

b) Resolution No. 05-0002: Accept work performed for Contract No. CW-338, Energy Management and Monitoring System; approve Modification No. 2 (Final) increasing the contract by \$16,860, for a total contract amount of \$557,955, and with a time extension of 23 consecutive calendar days for a total of 263 consecutive calendar days; and authorize final payment of \$57,689.75 to HSQ Technology Corp.

c) Resolution No. 05-0003: Ratify the Declaration of Emergency made by the General Manager of Public Utilities, dated December 3, 2004, and approved by the President of the Commission; and authorize the General Manager to instruct Catellus Land and

Development Corporation to immediately proceed with slip lining repair of the 16-inch low pressure water main at 16th and 7th Streets, per the Memorandum of Understanding.

REGULAR BUSINESS

11. Public Hearing – To consider amending the Rules of Order of the San Francisco Public Utilities Commission.

Moved by Commissioner Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0004: Amend the Rules of Order to add "Commission Business" to the official order of business and move "Public Comments" up towards the beginning of the regular meetings.

12. Discussion and possible action related to modifying Contract No. WP-23, O'Shaughnessy Domestic Water System Improvements, and transferring funds between Project CUH941, Hetch Hetchy Security and Control – East, and Project CUH383, O'Shaughnessy Domestic Water System Renovations.

Moved by Commissioner Sklar, seconded by Commissioner Werbach to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 050-0005: Approve a transfer of funds of \$26,820.36 from Project CUH941 to Project CUH383 and approve Modification No. 3 (Final) to Contract No. WP-23, for a final contract amount of \$559,513.36, and authorize final payment of \$37,124.51 to Mitchell Engineering. The remaining funds in CUH383 include an encumbered contract balance of \$8,942.15 and a remaining project balance of \$1,362.00 for a total of \$10,304.15. The transfer of funds from CUH941 combined with the remaining funds for CUH383 will be sufficient to cover the final contract payment.

A member of the public asked if he could make general Public Comment. President Normandy stated that even though this was out of order, he would bend the rules to accommodate the request.

Public Comment:

Mr. Jesse Mason, Community Window on Shipyard, stated he wanted to congratulate the SFPUC on the new program to help community-based organizations put people to work, and he wanted to scold some of the contractors for not complying with the program and for bringing in out-of-town people. He urged the Commission to continue with the program and its enforcement.

CLOSED SESSION

13. Public comments on matters to be discussed in Closed Session.

There were none.

14. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Brooks, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:10 P.M.

15. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a). (Clayton)

Present were President Normandy, Vice President Sklar, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, General Manager Leal, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Jung.

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

No action was taken.

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code Section 67.10(d): (Milstein)

Present were President Normandy, Vice President Sklar, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, General Manager Leal, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Jung.

Existing Litigation: Abbushi, et al., v. City and County of San Francisco, San Francisco Superior Court Case No. CGC-04-436545.

No action was taken.

Following Closed Session, the Commission reconvened in Open Session at 2:17 P.M.

17. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

18. Motion regarding whether to disclose the discussions during

Closed Session.

Moved by Commissioner Brooks, seconded by Vice President Sklar, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 2:18 P.M.

Mary Y. Jung
Secretary

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.



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SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

DOCUMENTS DEPT.

SPECIAL MEETING

JAN 10 2005

January 13 & 14, 2005
9 A.M.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

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01-10-05P02:42 RCVD

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Richard Sklar, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

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Seminar Six: Water Supply Improvement Program Preferred Goals for the Programmatic Environmental Impact Report

I. Introduction

II. Key Policy Areas -

- a. Seismic Reliability – Presentation and discussion to establish a preferred goal for the level of service after an earthquake.
- b. Delivery and Transmission Reliability – Presentation and discussion to establish a preferred goal for the level of delivery during outages for maintenance, planned repairs and emergency repairs.
- c. Water Quality – Presentation and discussion of guiding principle/policy for water quality and projects related to Federal, State and Local requirements.
- d. Water Supply – Presentation and discussion to establish a preferred goal for the level of delivery during a drought.

III. Discussion and Feedback

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Strategic & Systems Planning

Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY

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ORDER OF BUSINESS:

1. Call to Order: 9:10 A.M.

2. Roll Call Present – President E. Dennis Normandy, Vice President Richard Sklar, Commissioner Ann Moller Caen, Commissioner Adam

Werbach, and Commissioner Ryan L. Brooks

Commissioner Brooks arrived at 9:12 A.M.

3. Public Comments

Mr. Art Jensen, General Manager of Bay Area Water Supply and Conservation Agency (BAWSCA), asked that Public Comment regarding the workshops take place before noon to accommodate some of the BAWSCA members. The Commission agreed to this.

President Normandy asked Mr. Steve Lawrence, a San Francisco resident, to give Public Comment based upon a letter he sent to the Commission.

Mr. Lawrence stated it was an important day for all the counties because the stakeholders were being asked to give guidance that could impact the scope of the Water Supply Improvement Program (WSIP). Mr. Lawrence noted goals were never established and basic questions about the amount of water needed for the long term and during a drought were never addressed. He reported the program was behind schedule and the four biggest projects, in which the 2002 WSIP called the first three "critical high priority for immediate implementation" were being reconsidered. He urged the Commission to move forward and to give a full explanation if any of the major projects were cut.

**Seminar Six: Water Supply Improvement Program
Preferred Goals for the Programmatic
Environmental
Impact Report**

I. Introduction

II. Key Policy Areas -

a. Seismic Reliability – Presentation and discussion to establish a preferred goal for the level of service after an earthquake.

b. Delivery and Transmission Reliability – Presentation and discussion to establish a preferred goal for the level of delivery during outages for maintenance, planned repairs and emergency repairs.

c. Water Quality – Presentation and discussion of guiding principle/policy for water quality and projects related to Federal, State and Local requirements.

d. Water Supply – Presentation and discussion to establish a

preferred goal for the level of delivery during a drought.

III. Discussion and Feedback

Mr. Tony Irons, Deputy General Manager of Infrastructure and Operations, reviewed the objectives for the workshop and stated SFPUC staff expected to receive policy direction from the Commissioners.

Mr. Michael Carlin, Planning Bureau Director, addressed the key questions of

- (1) stewardship and a sustainability plan, (2) seismic delivery, (3) delivery reliability,
- (4) water quality, (5) water supply, and (6) water supply options.

Questions were raised regarding basic service after an earthquake. Mr. Irons was asked to indicate the primary and secondary components of the system that would address seismic issues. Mr. Irons stated Mr. Carlin would return with this information.

Mr. Irons asked Ms. Simin Naaseh, SFPUC seismic consultant, to give an overview on how earthquake analysis was done. Ms. Naaseh stated the SFPUC earthquake issues were difficult because the project spanned 165 miles and included variable geotechnical and seismological conditions, such as crossing over three major fault lines and many other less significant ones, and the diversity of the structures in the projects, such as underground structures and above ground structures. Ms. Naaseh reported bringing all the components together at the early planning stage was challenging and staff must rely on existing data from reliable and established sources. She gave an example as to how information from the U.S. Geological Survey, consisting of shaking and scenario maps for specific areas, would be superimposed upon SFPUC facility maps. She also gave examples about how information from the Federal Emergency Regulatory Agency and Multi-Disciplinary Center for Earthquake Engineering Research were used.

Mr. Irons reported two seismic projects were added to the WSIP: (1) Slipline BDPL4 PCCP Sections and (2) Baden and San Pedro VL's Improvements.

In answer to the question, "What level of day-to-day water delivery reliability does the SFPUC wish to achieve," Mr. Irons responded the SFPUC (1) must have a maintenance program so that a CIP was not needed every few years, (2) redundancy was needed so that outages could be scheduled, and (3) must be consistent with stewardship policies. Vice President Sklar stated there needed to be a commitment to a maintenance program and annual funding. He

suggested staff explore a bond covenant (used in 1976 and 1981) to help with funding.

The Commission recessed at 10:41 A.M. and resumed meeting at 10:48 A.M.

Questions were raised regarding the use of bond dollars. Ms. Vicki Clayton, SFPUC General Counsel, stated bond dollars could be used for formally adopted projects and could not be used for non-WSIP projects. She also agreed to provide a City Attorney opinion on what could be used through revenue bonds by February 8, 2005.

Ms. Susan Leal, General Manager of Public Utilities, announced staff would come back before the Commission to answer their questions on January 25, 2005, and would return again on February 8, 2005, with an action item regarding the CIP.

Mr. Carlin addressed the Water Supply issue and noted that although the chart presented showed three options, there easily could have been three more. He stated the figures included conservation efforts and other enhancements. Questions were raised about how water supply cuts of 10 – 20 – 30 percent would affect customers. He replied there were only shortages during droughts and rationing would not start until there was a 10 percent cut. Mr. Josh Milstein, Deputy City Attorney, stated there would not be any economic dislocation until there was a 20 percent shortage and it would take a 40 percent cut to yield an economic impact.

Public Comment:

Mr. Jensen introduced the members of BAWSCA who were present: Bern Beecham, Council Member – City of Palo Alto; Randy Breault, Director of Public Works – City of Brisbane; Mike Kasparzak, Council Member – City of Mountain View; Chuck Kinney, Former Council Member – City of Menlo Park; Chris Reynolds, Director – Skyline County Water District; John Weed, Director – Alameda County Water District; Rosalie O'Mohoney, Mayor – City of Burlingame; Kent Steffens - City of Menlo Park; Robin Saunders - City of Santa Clara; Amy Fowler - Santa Clara Valley Water District (SCVWD); and Patrick Sweetland - City of Daly City.

Ms. Rosalie O'Mohoney encouraged the Commission to pursue the bond covenant and urged the Commission to attend immediately to the seismic needs of the region. She stated she preferred Option A, under Water Supply.

President Normandy summarized the main task of the day was to establish prioritized goals of where to take the process and was heartened to find staff and the Commission taking a defensible approach, noting none of the work on the WSIP from the past few

years had gone to waste.

At 11:47 A.M., the meeting was recessed for a lunch break.

The meeting resumed at 1:01 P.M.

President Normandy stated the Commission would review the key questions; review the scenarios; and establish the next steps, including the timetables, costs, assumptions and goals. He asked Ms. Amy Fowler to address the Commission.

Ms. Fowler reported the SCVWD and SFPUC shared eight customers and all the SFPUC decisions would affect their customers. She stated the SCVWD recently completed their own resource plan and assumed they would not be getting less water from SFPUC and asked that their needs not be trivialized. She reminded the Commissioners of the past work between the two agencies on water supply planning and stated she looked forward to more joint planning on conservation issues.

Mr. Art Jensen stated BAWSCA was concerned with how the SFPUC was moving forward and the importance of getting the job done. He remarked that with seven General Managers in the last five years and changes in the Mayor and members of the Board of Supervisors, it appeared that the WSIP was under continual reinvention as determined by who was in power at the time. He urged the Commissioners to make this review the last major program refinement. He reported the Commission was in receipt of BAWSCA's Water Supply Master Plan and asked the Commission not to go below 15 percent system-wide because there would be growth in the areas covered by BAWSCA.

Ms. Jenna Olsen, Executive Director of Bay Area Water Stewards (BAWS), announced she would not be reviewing their power point presentation, but would instead read their mission statement. She delivered more petitions regarding protecting and restoring the Tuolumne River, noting the total delivered to the SFPUC was now at over 2,300. She encouraged the Commissioners to explore a bond covenant. She also stated the morning's assumptions seemed reasonable, that the seismic projects caused them the least amount of concern, and the projects that expanded the capacity of the system was the most worrisome to their organization. Ms. Olsen passed out BAWS' "Recommendations for Stewardship and Environmental Justice Policies as it Implements its Capital Improvement Program."

Mr. Spreck Rosekrans, Environmental Defense, stated he looked at water supply in terms of how an agency could get water to people and farms. He reviewed quickly the options of inflow on Calaveras Dam, junior water rights to the Tuolumne River, the need for

desalination and reclamation and the necessity of groundwater exchange and transfers. He noted the limitations of the SFPUC water system and suggested SFPUC connect directly to the California aqueduct at the point where the pipelines cross, but before the pipelines enter the coastal range tunnel.

A discussion continued regarding Water Supply. Mr. Carlin stated SFPUC will examine the alternatives as the Programmatic Environmental Impact Review (PEIR) progressed, as a lot of the issues were contract questions. Mr. Milstein reported the BAWSCA contract would expire on June 30, 2009, and costs would need to be known before changes could be made. Mr. Jensen interjected the negotiations could begin, even though the issues could not be resolved yet.

President Normandy summarized there were three overarching principles: (1) Speed of action, (2) Obligation of the City and SFPUC to sustain survivability and quality of life, and (3) Seismic recovery was a driving force. He asked the Commissioners for their input regarding the options before them.

Commissioner Caen addressed the Seismic issue and chose Option B. The other Commissioners concurred. President Normandy stated that Option B "Basic Service" would be the starting point for addressing seismic issues.

Vice President Sklar opened the discussion on Delivery Reliability, noting water was most critical during the summer and recommended Option A. Commissioner Brooks agreed with Vice President Sklar. Commissioner Werbach chose Option A, but asked for more information on the Sunol Valley Water Treatment Plant. President Normandy and Commissioner Caen chose Option B. President Normandy announced Option A received three votes and Option B received two votes and asked staff to supply information on a possible Option C, as suggested by Vice President Sklar, and described as "an unplanned outage with the deficit covered by an intertie."

Vice President Sklar proposed Option A under Water Quality, with agreement from all the Commissioners.

Commissioner Werbach, under Water Supply, suggested a 15 percent reduction, a cross between Options B and C, but also wanted to see other options up to 25 percent. Commissioner Werbach wanted additional information on the regional economic effects of going down to 25 percent.

Mr. Jensen interjected the Commission had adopted a policy in terms of the Planning Department's work in the past for 100 percent reliability. He asked if this was a conflict. Commissioner Brooks

replied the Commission was giving direction and the goals would still be 100 percent.

President Normandy polled the Commissioners on Water Supply. Commissioner Brooks voted on Option C, and asked for possible Options D and E scenarios. Commissioner Caen voted for Option C. Vice President Sklar voted for Option B, with a provision that anything above 270 mgd be paid by those who needed it and not use Tuolumne River water. Commissioner Werbach voted for Option C, but questioned the mix of projects and asked staff to explore conservation possibilities. President Normandy also voted for Option C and announced Option C was the first choice of the Commissioners.

Public Comments:

Mr. Bern Beecham stated BAWSCA was created to help and ensure the reliable upgrade of the water system. He stated he was surprised by the actions taken and felt the Commissioners beggared the system by voting for the least expensive, least reliable options available. He urged the Commissioners to continue to work to ensure the stability of the system, remarking that the system needed redundancy and the Commission voted against it.

Vice President Sklar replied the Commissioners choices were between "reliable" and "more reliable" and were not voting on anything deemed unreliable. He also stated the number of projects was not reduced.

Mr. Jensen stated the City and the region served by BAWSCA were expected to grow and did not think SFPUC should be limiting water supplies. He asked for the following: (1) Would the SFPUC report on securing more water during dry years to meet the February 1, 2005 deadline? (2) Would the Commission reply to a letter from San Mateo County asking for ample access and time to review any changes to the WSIP? (3) A report on the projects, schedules, cash flows and total costs on the revised WSIP.

(4) The PEIR objectives and any scoping on the PEIR request. He stated the Commission was taking the important step of redefining the WSIP and setting the course for 2005-2030. BAWSCA's position was there should be no increase in costs and no reduction in service without a compelling reason. Finally, he asked when BAWSCA would see the revised projects and schedules, reminding the Commission that there needed to be 30 days noticing before adopting any changes.

Commissioner Brooks was excused from the meeting at 3:48 P.M.

Ms. Leal stated the workshops were about ensuring reliability and

the SFPUC's mission was to deliver a reliable system at a defensible, reasonable cost. She announced the February 8, 2005, meeting would complete the work of the Commission during the workshops and provide program goals so they could be submitted to the Planning Department, with the hope of pushing out the seismic projects and moving ahead with them.

There being no further business to discuss, the meeting was adjourned at 3:51 P.M.

Mary Y. Jung
Secretary

Learn more about related Organizations at SFPUC:
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For Questions about this item, please contact us.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

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JAN 10 2005

= Agenda

NOTICE OF PUBLIC HEARINGS

01-10-05 P02:42 RCV

GAVIN NEWSOM
MAYOR

E. DENNIS NORMANDY
PRESIDENT

RICHARD SKLAR
VICE PRESIDENT

ANN MOLLER CAEN
ADAM WERBACH
RYAN L. BROOKS

SUSAN LEAL
GENERAL MANAGER

Notice is hereby given that the San Francisco Public Utilities Commission will conduct public hearings on the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006 on the following dates:

Tuesday, January 25, 2005 – 1:30 P.M.
City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California

Thursday, January 27, 2005 – 12 Noon
SFPUC, 1155 Market Street, Room 402, San Francisco, California

Friday, January 28, 2005 – 1:30 P.M.
SFPUC, 1155 Market Street, Room 402, San Francisco, California

Tuesday, February 8, 2005 – 1:30 P.M.
City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California

Tuesday, February 22, 2005 – 1:30 P.M.
City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California

Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.

Mary Y. Jung
Commission Secretary



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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA
Addendum
REGULAR MEETING

Tuesday, January 25, 2005
1:30 P.M.
City Hall, Room 400
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JAN 21 2005

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01-21-05 P03:07 RCVR

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Richard Sklar, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Discussion and possible action relating to the election of President and Vice President.
4. Approval of Minutes
 - a) Minutes of the January 11, 2005 Special Meeting
 - b) Minutes of the January 11, 2005 Regular Meeting
 - c) Minutes of the January 13, 2005 Special Meeting
5. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.
6. Communications
7. Old/Ongoing Business by Commissioners
8. Introduction of New Business by Commissioners
9. Commission Business
10. Report of the General Manager
 - a) SFPUC Reorganization
 - b) Southeast Community Issues
 - c) Water System Improvement Program Update (Irons/Kelly)
 - d) Water System Improvement Program Request for Proposals Update

11. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report
 - a) BAWSCA Update

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

12. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Accept work performed for Contract No. CW-382, Russia Avenue Sewer Replacement; approve Modification No. 1 (Final) decreasing the contract by \$44,799.05, for a total contract amount of \$193,040.95, and with a time extension of 2 calendar days, for a total contract duration of 30 consecutive calendar days; and authorize final payment of \$27,921.55 to Harty Pipelines, Inc.

PUBLIC HEARING

13. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.)

Staff Recommendation:

For discussion only. This item is proposed for continuance to January 27, 2005, at 12 Noon, in Room 402, 1155 Market Street; January 28, at 1:30 P.M., in Room 402, 1155 Market Street; February 8, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place; and February 22, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place.

REGULAR BUSINESS

REAL PROPERTY TRANSACTIONS

14. Discussion and possible action related to property located at 425 Mason Street, San Francisco. (Dowd)

Staff Recommendation:

Declare property as surplus and authorize the Director of Property to advertise the property for sale, hold a public auction and prepare and submit legislation to the Board of Supervisors to accommodate the sale of property located at 425 Mason Street, San Francisco, California.

CONSTRUCTION CONTRACTS

Advertise

15. Discussion and possible action related to Contract No. DB-104, Solar Photovoltaic Installation at Moscone West. (Hale)

Staff Recommendation:

Authorize the General Manager of Public Utilities to request proposals for Contract No. DB-104, a design-build agreement (DBA) to construct a 300 kilowatt solar electric system (AC at the meter) on the roof of Moscone West for an amount not to exceed \$2.4 million over the life of the project; receive and evaluate proposals, and return to the Commission for award; and notify the Board of Supervisors of this DBA.

Amend

16. Discussion and possible action related to Contract No. HH-907, Holm Powerhouse Generators 1 & 2 Rehabilitation. (Laramendy)

Staff Recommendation:

Approve Amendment No. 1 to Contract No. HH-907, increasing the duration by 235 consecutive calendar days for a total contract duration of 900 consecutive calendar days; decrease the total contract amount by \$360,000, from \$4,808,465 to \$ 4,448,465; change the milestone dates for the supply of material and on-site construction; increase the warranty on the installed generator windings from 5 to 10 years; and clarify some technical and commercial requirements of the contract.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a). (Clayton)

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Yellow Cab Co-op, Claim No. 05-01093

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Kemper Insurance Co. v. City & County of San Francisco; San Francisco Superior Court No. 437-338

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Liberty Mutual Insurance Company
 Unlitigated Claim No. 04-02628

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: 18th & Arkansas Homeowners Association v. City & County of
 San Francisco; San Francisco Superior Court No. 424-484.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

24. Announcement following Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

ADDENDUM TO PUC AGENDA

**City and County of San Francisco
Public Utilities Commission**

January 25, 2005
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

ORDER OF BUSINESS:

10. Report of the General Manager
- e) Environmental Defense Presentation

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1/27/05 & 1/28/05 Minutes SFPUC Commission

03/10/2005

**Gavin Newsom
MAYOR****MINUTES**

January 27, 2005 - 12:00 P.M.

January 28, 2005 - 1:30 P.M.

1155 Market Street, Room 402
San Francisco, CA**COMMISSIONERS**

The Honorable Richard Sklar, President
 The Honorable Ann Moller Caen, Vice President
 The Honorable E. Dennis Normandy
 The Honorable Adam Werbach
 The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
 Hetch Hetchy Water & Power
 Wastewater Program
 Water Pollution Control

BUREAUS

Customer Service
 Environmental Regulation & Management
 Financial Services
 Human Resource Services
 Information Technology Services
 Infrastructure Division
 Real Estate Services
 Strategic & Systems Planning
 Water Quality

**Susan Leal
GENERAL MANAGER****Mary Y. Jung
SECRETARY****ORDER OF BUSINESS – January 27, 2005:**

1. Call to Order: 12:10 P.M.

2. Roll Call: Present – President Richard Sklar, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Adam Werbach, and Commissioner Ryan L. Brooks

3. Public Comments

There were none.

PUBLIC HEARING

4. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. (Continued from the meeting of January 25, 2005)

Staff Recommendation: For discussion only. This item is proposed for continuance to February 8, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place; and February 22, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place.

President Sklar announced Vice President Caen would preside over the budget hearings for FY 2005-2006 and handed her the gavel.

Commissioner Normandy reminded the Commissioners and audience that the budget was driven by the City Charter and staff and that staff was given direction by the Commissioners as they worked through the budget policies presented to them over the past several months. These policies were formulated based on a request from the Commissioners during the budget cycle for FY 2004-2005.

Commissioner Brooks stated the budget was a process that needed to be improved. He noted no cuts were made in the previous budget. Vice President Caen offered Commissioner Brooks the gavel so he could chair the budget meetings. President Sklar emphasized it was his prerogative as President to choose who would chair the budget hearings and added that cutting or adding to the budget was not a measure of the job being done; but rather, the question should be whether the Commissioners were giving staff the resources necessary to achieve the goals of the SFPUC. Commissioner Werbach opined he was the unhappy person last year who did not vote for the operating budget.

Ms. Jean Mariani, Finance Director, remarked on the complexity of the SFPUC budget and reported the outline for the afternoon would consist of an overview of the entire operating budget, an explanation of how the budget was put together, and highlights of new project requests from the enterprises and bureaus. She noted the budget did not address the reorganization.

Ms. Susan Leal, General Manager of Public Utilities, asked staff to

look more thoroughly at the programs for more efficiencies.

Ms. Mariani stated there were three budget themes for the Wastewater, Water, and Power Enterprises: (1) asset management, (2) cost recovery encouraging conservation, and (3) progressive rates. She continued that the Commission gave direction to set up an asset management system and that Mr. Kevin Lyons, the new Asset Manager, would eventually oversee twelve positions throughout the SFPUC. Commissioner Brooks stated he thought Asset Management should be a separate entity and Commissioner Werbach asked that the organization chart be drawn out. Ms. Leal replied Asset Management would be under Business Services.

Ms. Mariani addressed the three enterprises, focusing on key service level issues, operations and maintenance, and capital investment for each of them.

Under the Wastewater Enterprise, Commissioner Normandy asked the Communications Division to publicize the word of "wastewater" instead of "clean water" to the public. Ms. Mariani stated that sewer rates were the only rates that could be restructured and that SFPUC was moving toward a 3-tiered rate structure. She continued that capacity fees for new developments would be instituted.

Ms. Mariani, in reviewing the Water Enterprise, stated the suburbs overpaid \$27 million the previous year in water charges and needed to be repaid. Commissioner Brooks asked for more incentives to encourage commercial and residential ratepayers to start using water saving devices. President Sklar stated others should pay for their own capital projects.

Under the Power Enterprise, Ms. Mariani was asked about the status of the Hetch Hetchy Business Plan. She replied she stopped the Plan because of the difficulty in obtaining consistent information from staff.

Ms. Mariani wrapped up her presentation by listing the steps needed to go forward: (1) clearly define service level goals, (2) structure budget to reflect reorganization, (3) track and report operations and maintenance costs, (4) develop clear repair and replacement programs, (5) rigorously vet capital projects, (6) benchmark financial performance to other utilities, and (7) review cost of service rates, affordability, and conservation.

President Sklar stated his focus was on reliability, not on whether or not the rates were low. Commissioner Werbach stated he wanted to prove to the ratepayers the worth of the service being provided. President Sklar stated there was at least 10 percent of the budget that could be reduced by eliminating unnecessary tasks. He challenged staff to identify reductions equivalent to one percent of

the SFPUC operating budget.

Mr. Eric Sandler, Director of Financial Planning, presented the Financial Forecast, explaining the uses and sources of funds, key bond covenants, Commission rate covenant, and the operating reserve for the three enterprises.

Mr. Alan Gibson, Board of Supervisors Budget Analysts Office, stated his Office had concerns about the SFPUC's overall strategic plan and were particularly concerned about the inability of the SFPUC to develop business plans for the three enterprises and articulate how the SFPUC planned to meet future commitments. He stated their reviews did not find substantial areas of waste.

Commissioner Werbach addressed rate hikes in wastewater, relaying he preferred a one-time rate increase for seven to nine years. Ms. Mariani replied rating agencies preferred small increases over a period of time. She reminded the Commissioners that the consultants originally suggested a one-time rate hike of 30 percent and the Rate Fairness Board suggested three rate hikes at 11 percent each.

The Commission recessed at 2:00 P.M.

The Commission resumed meeting at 2:17 P.M.

Mr. Tony Winnicker, Communications Director, gave a brief report on the public outreach being conducted with the Rate Fairness Board.

There was considerable discussion about the Hetch Hetchy Enterprise. Commissioner Werbach questioned paying for the Peaker Plants at \$11.6 million instead of financing it. Mr. Sandler replied financing costs could be recovered. Commissioner Werbach stated he was upset that the Mayor's Energy Conservation Account (MECA) had no funding. Ms. Mariani replied there was \$18 million in the fund for current projects; therefore, additional monies were not allocated for FY2005-2006. Ms. Barbara Hale, Assistant General Manager of Power, stated it took 18 months for design and permitting of a solar project. She reported there were \$12.4 million in renewable projects geared for January 2006 and that there was no gap in funding.

Ms. Mariani stated the reserves in Hetch Hetchy were dangerously low.

Commissioner Werbach noted SFPUC was cutting the solar budget to build power plants in the Southeast sector and felt it was bad public policy and bad public relations. He asked that money be found from the Peaker Project and given to MECA.

Ms. Leal replied SFPUC had to be realistic about the costs associated

with the solar projects and announced there had been no payments from the Moscone Center for the completed solar project. President Sklar remarked he was in favor of the Moscone Solar Project, but was perplexed that the Moscone Center was paying a preferred City Department rate rather than a private sector rate since they served private, for-profit businesses that should be expected to pay full commercial rates for electricity. He asked that staff look for additional funding, so funding for MECA was seamless or that certain projects be delayed so solar projects could be funded. Ms. Hale agreed to look for ways to fund the projects. There was discussion about developing contracts with City Departments to pay for power costs.

Public Comments:

Mr. J. P. Ross, Vote Solar Project, stated the SFPUC had moved admirably forward, but was not fulfilling the voters mandate and felt it was disturbing that projects were taking such a long time to get on-line. He stated it was difficult to look for other funding and projects as the money on-hand was already targeted.

Mr. John Ummel, Bay Area Water Supply and Conservation Agency (BAWSCA), stated BAWSCA had already met with staff and thought the budget documents were much better than the previous year and that many of BAWSCA's suggestions were incorporated. He thought the Executive Summary was not a stand-alone document and should be graded a "C", but remarked the budget presentation was the best he had heard in eight years. Mr. Ummel continued BAWSCA was concerned about performance measures and was disturbed the Red Oak contract had been terminated. He also was enthusiastic about the newly created Asset Management Division and the Long-Term Maintenance Plan. Mr. Ummel expressed concern that the Water Repair and Replacement Program was significantly reduced as compared to previous years.

Commissioner Normandy requested information about the Solar Bond Program from Proposition B. Mr. Sandler replied the Proposition called for revenue bonds for renewable and energy efficiency projects and stated it was difficult to find the right mix of projects that would allow the bonds to be repaid by project revenue. He continued the proposition, as written, was difficult to implement.

Ms. Leal asked what was needed to move ahead to implement Proposition B. Mr. Sandler replied Hetch Hetchy needed to be credit-worthy and listed the criteria needed. He suggested using "Certificates of Participation." Commissioner Werbach stated SFPUC needed a plan to go before the Board of Supervisors. President Sklar asked the Commissioners to step forward to work on this. Commissioners Werbach and Normandy both volunteered to work with Ms. Leal and Ms. Vicki Clayton, SFPUC General Counsel.

Mr. Emeric Kalman, San Francisco resident, asked for more information about the Asset Management Program and about increasing the 10 percent reduction President Sklar talked about. He stated SFPUC could not continually go before the ratepayers for additional rate hikes.

President Sklar asked that the major Capital Improvement Program questions and other questions be answered by the February 8, 2005, Regular Meeting and reminded everyone that the budget must be wrapped up by February 22, 2005.

Lastly, Ms. Mariani reviewed the New Proposal Summary for the three enterprises and the bureaus, summarizing the past years accomplishments and the new proposals for each enterprise. The Wastewater Enterprise asked for \$3 million for three new projects, the Water Enterprise asked for \$1,663,065 for six new projects, and the Bureaus asked for \$4,780,713 for thirteen new projects. The Hetch Hetchy Enterprise had no requests for new projects.

Public Comments:

Mr. David Pilpel, San Francisco resident, stated he read through the budget books and made several requests and points, including the following: (1) bureau cost allocation plan, (2) truth in budgeting in terms of eliminating vacant positions and reducing salary savings, (3) transfer sewer maintenance function and personnel from the Department of Public Works (DPW) to the SFPUC, (4) Hetch Hetchy rates for City departments; (5) reverse classification creep, (6) detailed budget and plan from Southeast Community Facility Commission, (7) detail work orders in writing with performance standards, (8) information on off-budget positions, (9) study or demonstration of increased permeable surfaces, and (10) detailed senior managers list with functions performed.

At 4:24 P.M., Vice President Caen continued Item No. 4 to January 28, 2005, at 1:30 P.M.

ORDER OF BUSINESS – January 28, 2005:

1. Call to Order: 1:40 P.M.
2. Roll Call: Present – President Richard Sklar, Vice President Ann Moller Caen, Commissioner Adam Werbach, and Commissioner Ryan L. Brooks

Commissioner E. Dennis Normandy was excused.

3. Public Comments

There were none.

PUBLIC HEARING

4. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. (Continued from the meeting of January 25, 2005.)

Staff Recommendation: For discussion only. This item is proposed for continuance to February 8, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place; and February 22, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place.

Vice President Caen continued to preside over the budget hearing.

Ms. Mariani started the hearing by providing answers to the questions raised at the meeting on January 27, 2005. She addressed the issue of a Hetch Hetchy Business Plan and offered to have a draft of it available before the Commission took final action on the budget. President Sklar asked for a one percent reduction of the overall budget.

President Sklar had a few general questions:

(1) Referencing that nine percent of the budget went to General Fund departments, he asked if staff could analyze any line item over \$1 million for a necessary service that might be had at lower costs by the SFPUC performing the service itself or by contracting it out. Commissioner Brooks asked that staff tag the items that could not legally be contracted out.

(2) In examining the Full-Time Employee chart, President Sklar noted there were 350 employees in the Bureaus that were charged to project areas. He remarked that the payment for these salaries were soft costs in the project cost matrix. He stated these costs seemed high and asked that prior to approval of the Budget, that a relationship be established between these soft costs and construction work actually put in the ground. (

3) President Sklar asked whether Human Resource Services (HRS) had been able to streamline the hiring process.

Vice President Caen proceeded to review the Operating Budget binder in order and asked staff to present their budget.

Mr. Bill Keaney, Water Pollution Control Manager, introduced his

budget. President Sklar asked him to continually look at the soft costs for trimming, not at the maintenance costs. Mr. Keaney replied labor costs were the only place that was flexible. Mr. Keaney was asked if the Division bought in bulk and he answered in the affirmative. Commissioner Brooks asked when was the last time chemical contracts were put out to bid. Mr. Keaney replied this varied and was done with the purchaser and agreed to supply the information to the Commission.

Ms. Marla Jurosek, Hatch Hetchy Water & Power Manager, was asked by Commissioner Werbach how power rates were set. She replied that enterprise rates were given; however, San Francisco International Airport received a discount over Water Pollution Rates. President Sklar remarked discounting any rates to the Airport hurt the SFPUC, and while the tenants paid PG&E rates, the airlines were still subsidized. He noted it was part of a 1981 agreement and needed to be looked into. Ms. Leal agreed to have the finance staff study this.

Commissioner Brooks asked that contracts for services costing \$300,000 or more be reviewed. Ms. Mariani agreed to come back with a list.

Commissioner Werbach asked what percentage of the \$3 million SFPUC transferred to Department of Public Works (DPW) for services was critical. Ms. Mariani answered "zero." This was duly noted by Ms. Leal.

Mr. Kevin Barry, City Distribution Division Manager, presented information on the amount of service the division supplied such as clean-up and landscaping. He cited the example of the SFPUC Laguna Honda property at 22 acres which the SFPUC maintained.

Ms. Leal was asked about property around the watersheds and stated the money would come out of the Infrastructure Project. There was discussion about SFPUC transferring money to General Fund departments and how stopping the transfers would be a drain on the General Fund. It was discussed that services SFPUC paid for, such as street cleaning, did benefit the SFPUC because debris from uncleaned streets landed in the sewers.

President Sklar asked Mr. Barry about the \$2.7 million transferred to DPW for construction management. Mr. Barry replied it was a paving contract which did not need permit fees. He promised an overview of the contracts.

Ms. Cheryl Davis, Water Supply and Treatment Division Manager, was asked by Vice President Caen why Maintenance Services for Buildings and Structures was so high. Ms. Davis replied the Division was under budget the previous year and this year's increase brought

the budget in line.

During discussion of the Water Enterprise budget, Vice President Caen asked for a definition of "premium pay." Ms. Mariani answered it included the following: longevity, work processing, stand by, pager, and shift differential.

President Sklar asked that membership fees be studied as a whole for the SFPUC. Ms. Mariani stated an analysis was taking place. Ms. Leal added memberships should be for the SFPUC as an organization only and that travel expenses would also be reduced.

Ms. Leal addressed the General Manager's budget, stating staff was currently looking for more savings and efficiencies. She stressed the importance of the Assistant General Manager of External Affairs position, held by Ms. Laura Spanjian. Commissioner Brooks asked about the contracts under the Communications Division. Ms. Spanjian replied the contract enabled better outreach and integration of SFPUC activities. Mr. Winnicker addressed the issue, stating his commitment was to bring the contracts in under the direction of staff, such as the Integrated Water Resource Plan and the Clean Water Master Plan. He stated he was requesting more positions.

Commissioner Brooks asked if Communications staff billed their time to projects. Mr. Winnicker replied that while staff had studied "project charging," it became an accounting issue and was not instituted. President Sklar suggested using the system instituted by Mr. Harlan Kelly, Jr., the Assistant General Manager of Infrastructure.

Commissioner Werbach asked for information regarding Community Choice Aggregation and a Sustainability Plan. Ms. Leal responded more information would be provided at the February 2, 2005, Special Meeting.

Commissioner Werbach reminded the Commission he had asked for a redesign of the bills sent to ratepayers the previous year, stating it was the major communication tool of the SFPUC, and asked about the status of this. Mr. Winnicker replied the redesign was almost done and was planned to dovetail with the restructuring of rates.

Under the Business Services and Financial Services budget, Commissioner Brooks questioned the \$100,000 spent on internal audits. Ms. Mariani replied this was a routine expenditure.

Mr. Hans Loffeld, Information Technology Services (ITS) Manager, reported ITS had a five-year strategic plan which was already being implemented. Commissioner Brooks stated there should be one Asset Management division. President Sklar asked for information

about the document control system. Commissioner Brooks asked how the overhead rate was calculated. Mr. Kelly replied the indirect cost plan was similar to that of private firms, stating engineering, contracting, and Human Rights Commission (HRC) were self-sufficient.

There were no Planning Bureau issues discussed.

Ms. Therese Madden, Human Resources Services (HRS) Manager, reported HRS was in the process of streamlining the hiring process, but the work was unfinished. She informed the Commission the human resources process was slower because of the lay-offs and approvals for new hires was taking about nine weeks.

Commissioner Brooks stated it would be wise to have the City's Department of Human Resources (DHR), HRC, and SFPUC contracting staff work at the SFPUC. Ms. Mariani stated this was already being done. Ms. Madden stated DHR had reorganized and there was one person in-house at the SFPUC. Mr. Tony Irons, Deputy General Manager of Infrastructure and Operations, stated SFPUC had an agreement with DHR that if a vacancy took more than three months to fill, SFPUC could contract that work out.

Ms. Madden stated the SFPUC HR system was on-line through ITS and had reminders built into the system every step along the way.

President Sklar, under the Real Estate Services Bureau budget, asked what the \$300,000 in professional services fees were for. Ms. Mariani replied they were for appraisal fees. Commissioner Brooks asked what the process was for surplus property. Mr. Gary Dowd, Real Estate Services Manager, stated the sale could be done by the SFPUC or through the City's Real Estate Department (RED). Commissioner Brooks asked if there were any Administrative Code provisions mandating SFPUC had to go through the City's RED? Ms. Vicki Clayton agreed to respond formally to this request.

Ms. Marge Vizcarra, Customer Services Manager, stated the redesigned ratepayer bill could be presented at any time. Commissioner Werbach asked where the Department was in terms of the customer service survey he asked for the previous year. Ms. Vizcarra replied this was in the budget and a comprehensive survey was expected to proceed in the next few months. Commissioner Werbach stated it was important that a new bill not be released until it was tested on people. Ms. Leal stated the new bill would not be released until after the rate hearings. Commissioner Werbach asked that survey work also be done with BAWSCA members and to include Commissioners in focus groups.

Mr. Steven Medbery, Bureau of Environmental Regulation and Management Manager, reported Health and Safety Training was

being centralized. There were no questions for him.

Mr. Andrew DeGraca, Acting Assistant General Manager of Operations, reported the Bureau had seven new proposals. He stated he was trying to hire a security manager. Commissioner Brooks asked if he had identified any homeland security grants. Mr. DeGraca replied there was \$100,000 budgeted for training and there would be a terrorist training in March. He informed the Commission that Government Affairs was looking for additional funding. Ms. Leal reported the City did ask for \$60 million and was granted \$20 million. She stated that in general, safety departments such as the Police and Fire Departments received money first. Commissioner Brooks stated that as an enterprise agency, SFPUC should be allowed to go directly to Congress.

President Sklar asked staff to review and report on the need for all the professional services contracts as they were a big non-staff cost area.

Vice President Caen referred the Commissioners to the FY 2005-2006 Project Budget Request binder, which was briefly reviewed by Ms. Mariani. Ms. Mariani also reviewed the list of follow-up items requested for at the January 27, 2005, Special Meeting.

Public Comments:

Mr. John Ummel made a few remarks on the operating budgets for the bureaus, noting the Commission was in a budget-cutting mode. He stated the suburban customers were concerned about the new projects and the maintenance down-side.

President Sklar asked that money be moved out of nonessential functions and placed into Asset Management and maintenance.

Mr. Emeric Kalman raised again the issue of having staff trim the budget by an additional 10 percent. He stated the word "leaks" was coming up often and asked the Commission to aggressively pursue leaks by surveying what was underground. Vice President Caen agreed with his statements and President Sklar stated staff should look at 10 percent every year.

Vice President Caen continued Item No. 4 to Wednesday, February 2, 2005, at 10:30 A.M. and adjourned the meeting at 4:02 P.M.

Mary Y. Jung
Secretary

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

00-30-15 8:00 p.m.
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Gavin Newsom
MAYOR

AGENDA
Notice of Continuance of
SPECIAL MEETING

The Special Meeting of January 27-28, 2005
has been continued to
Wednesday, February 2, 2005 – 10:30 A.M.
1155 Market Street, Room 402
San Francisco, CA

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Disability Access

The Public Utilities Commission meeting will be held in Room 402, 1155 Market Street, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: F Line to Market and the K, L, M, and N Lines at Civic Center. For information about MUNI accessible services call (415) 923-6142. .

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

PUBLIC HEARING

4. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Continued from the meeting of January 27-28, 2005.)

Staff Recommendation: For discussion only. This item is proposed for continuance to February 8, 2005, at 1:30 P.M, in Room 400, 1 Dr. Carlton B. Goodlett Place; and February 22, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place.

**This Special Meeting has been continued to Wednesday, February 2, 2005,
at 10:30 A.M.**

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



Water

Wastewater

Power

Commission

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2/2/05 Minutes San Francisco Public Utilities Commission

02/15/2005

**Gavin Newsom
MAYOR**
MINUTES

Wednesday, February 2, 2005 - 10:30 A.M.
 1155 Market Street, Room 402
 San Francisco, CA

COMMISSIONERS

The Honorable Richard Sklar, President
 The Honorable Ann Moller Caen, Vice President
 The Honorable E. Dennis Normandy
 The Honorable Adam Werbach
 The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
 Hetch Hetchy Water & Power
 Wastewater Program
 Water Pollution Control

BUREAUS

Customer Service
 Environmental Regulation & Management
 Financial Services
 Human Resource Services
 Information Technology Services
 Infrastructure Division
 Real Estate Services
 Strategic & Systems Planning
 Water Quality

**Susan Leal
GENERAL MANAGER**

**Mary Y. Jung
SECRETARY**

ORDER OF BUSINESS:

1. Call to Order: 10:39 A.M.

2. Roll Call: Present – President Richard Sklar, Vice President Ann Molle Caen, Commissioner E. Dennis Normandy, and

Commissioner Ryan L. Brooks

Commissioner Adam Werbach was excused.

3. Public Comments

Ms. Stephanie Allan, Business Representative for Stationary Engineers – Local 39, read a letter addressed to the Commissioners thanking the Commission for their support and funding of an ergonomic study and implementation of the 9910 program. She also expressed concerns about staffing issues at Water Pollution Control and odor issues.

Vice President Caen, presiding over the budget hearings, asked Ms. Susan Leal, General Manager of Public Utilities, to coordinate with Local 39 regarding the staffing and odor control issues in order to solve the problems.

President Sklar stated Ms. Allan's concern about temporary staff was reasonable and that using temporary staff as a cost-saving measure was a disagreeable way to save money.

PUBLIC HEARING

4. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006 (Continued from the meeting of January 25, 2005.)

Staff Recommendation: For discussion only. This item is proposed for continuance to February 8, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place; and February 22, 2005, at 1:30 P.M., in Room 400, 1 Dr. Carlton B. Goodlett Place.

Ms. Leal provided the outline for the morning meeting, stating Ms. Jean Mariani, Finance Director, would begin with information about the revenue-funded capital projects. Ms. Leal stated she would follow with information regarding the SFPUC reorganization and budget reduction plans.

President Sklar voiced his concern that the budget was not detailed enough to make judgments about the projects, citing the possibility that soft costs of 25-30 percent could be part of the costs and therefore, would be far in excess of what they should be. Ms. Mariani replied the information provided was part of the start of the budget process and the Commission could give policy direction over the next few weeks regarding how the work would be allocated. She indicated the projects needed to be authorized to move them to the Mayor's Office. She stated staff would need three to four weeks to come up with in-depth project descriptions. She allowed changes

could always be made later with the Mayor's Office.

President Sklar asked if staff could come back with a plan on how to reduce soft costs so that there would be more project dollars available; but in the meantime, the Commission could authorize the list of projects, while not finalizing the costs. Ms. Mariani agreed to come back to the Commission on February 22, 2005, with a framework on the projects. President Sklar asked that the report also include what the project goals were (e.g., reduced costs, greater capacity). Ms. Mariani replied each project had goals and objectives.

Vice President Caen asked for public comment. Seeing none, she announced the discussion on the capital projects was completed.

Ms. Leal introduced the new Organization Chart, noting there would be six Assistant General Managers (External Affairs, Business Services, San Francisco Power, Water, Wastewater, and Infrastructure) and one Deputy General Manager of Capital Programs.

She explained the Asset Manager would report to Financial Services and Real Estate would be moved to External Affairs.

President Sklar asked for a visual chart and asked Mr. Tony Irons, Deputy General Manager of Capital Programs, to go into more detail about the divisions reporting to him.

Mr. David Pilpel, San Francisco resident, remarked that San Francisco Power did not have many responsibilities. He questioned where retail sales and energy services were located in the organization chart.

Ms. Leal stated a more comprehensive organization chart would be presented at the February 22, 2005, Regular Meeting and all the Commissioner's comments would be taken into consideration. Mr. Irons stated a detailed organization chart for Capital Programs would be available at the February 8, 2005, Regular Meeting.

Ms. Mariani brought forward answers to the questions the Commissioners raised at the January 27 and 28, 2005, Special Meeting. Ms. Leal reported \$1.5 - \$2.5 million would be put back into the Mayor's Energy Conservation Account (MECA). President Sklar asked if the MECA account was the primary funding source for solar projects. Ms. Leal responded "primarily." President Sklar remarked that power should not be supplied to the Moscone Center since they were not paying their utility bills. Ms. Barbara Hale, Assistant General Manager of San Francisco Power, replied SFPUC was in negotiations with the Moscone Center. She continued the Moscone Center had not yet signed a Memorandum of

Understanding and stated she appreciated the leverage the Commission's stance provided her.

Ms. Mariani reviewed how the SFPUC could trim costs by one percent by reducing the number of SFPUC memberships, reducing the travel and training expenditure levels, revising the Communications Clean Water Master Plan new position request, and establishing Asset Management as a separate entity under Business Services.

President Sklar stated that at one percent, the SFPUC's workers compensation costs were high. Ms. Mariani replied Red Oak Consultants attributed this to the SFPUC's aging workforce.

Commissioner Brooks repeated he still wanted an answer to his question regarding when SFPUC was legally mandated to use City Department services instead of contracting outside the City, including real estate issues. Ms. Vicki Clayton, SFPUC General Counsel, replied she was working on an official response.

The issue regarding buying chemicals in bulk and storing them was raised again. President Sklar suggested SFPUC buy and store chemicals or purchase them on the spot market – whichever was less expensive.

Commissioner Brooks asked about the status of the Owner-Controlled Insurance Program (OCIP). Ms. Leal replied SFPUC was planning on changing direction on OCIP and would report back to the Commission soon.

President Sklar asked about the interrelationship between the peaker and solar programs and asked staff to demonstrate how both programs could move forward.

Vice President Caen asked Ms. Mary Jung, Commission Secretary, to set up an additional Special Meeting for considering the budget. She agreed to poll the Commissioners and set up one more meeting to be held between February 8, 2005, and February 22, 2005.

Public Comments:

Mr. John Ummel, Bay Area Water Supply and Conservation Agency, commented on the positive contributions arising from the budget hearings, including: (1) The General Manager's commitment to provide a draft business plan within 30 days which would help set the direction for the enterprise; (2) The much improved budget documents which were user friendly; (3) Representation and participation by staff from the Board of Supervisors and the Mayor's Office; (4) The Asset Management program which would take a long-term approach to maintenance; (5) Commission support for a

number of issues relating to other City departments, such as recovering money owed by others, overhead, internal procedures, and full cost recovery of current services or goods that were subsidized; and (6) The logical and insightful questions and comments made by the Commissioners.

Mr. David Pilpel reported he recently saw two employees from the Department of Public Works and they both said they would "love to be part of the SFPUC." He asked about the Hetch Hetchy rates in City Departments and stated he thought SFPUC should institute an aggressive operating efficiency plan in each City department and provide discounts to the departments that complied.

President Sklar asked for a report on how City departments could institute water conservation methods in their buildings, such as the low-flow toilets.

Vice President Caen continued Item No. 4 to the meeting of February 8, 2005, and adjourned the meeting at 12:32 P.M.

Mary Y. Jung
Secretary



Learn more about related Organizations at SFPUC:
Commission



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554 3488

*Agenda***REVISED NOTICE OF PUBLIC HEARINGS**JIN NEWSOM
VORDENNIS NORMANDY
PRESIDENTCHARL SKLAR
E PRESIDENTN MOLLER CAEN
AM WERBACH
AN L. BROOKSSAN LEAL
INFRA MANAGER

Notice is hereby given that the San Francisco Public Utilities Commission is conducting public hearings on the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. The hearings began on January 25, 2005, and were continued to January 27-28, 2005 and February 2, 2005. The hearings are proposed for continuance to the dates listed below. If the Budgets are adopted on February 18, 2005, the hearing on February 22, 2005, will be cancelled.

Tuesday, February 8, 2005 – 1:30 P.M.

City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California

Friday, February 18, 2005 – 10:30 A.M.

SFPUC, 1155 Market Street, Room 402, San Francisco, California

Tuesday, February 22, 2005 – 1:30 P.M.

City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California

Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.

Mary Y. Jung
Commission Secretary

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, February 8, 2005
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

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The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Waste Water Program
 Water Pollution Control

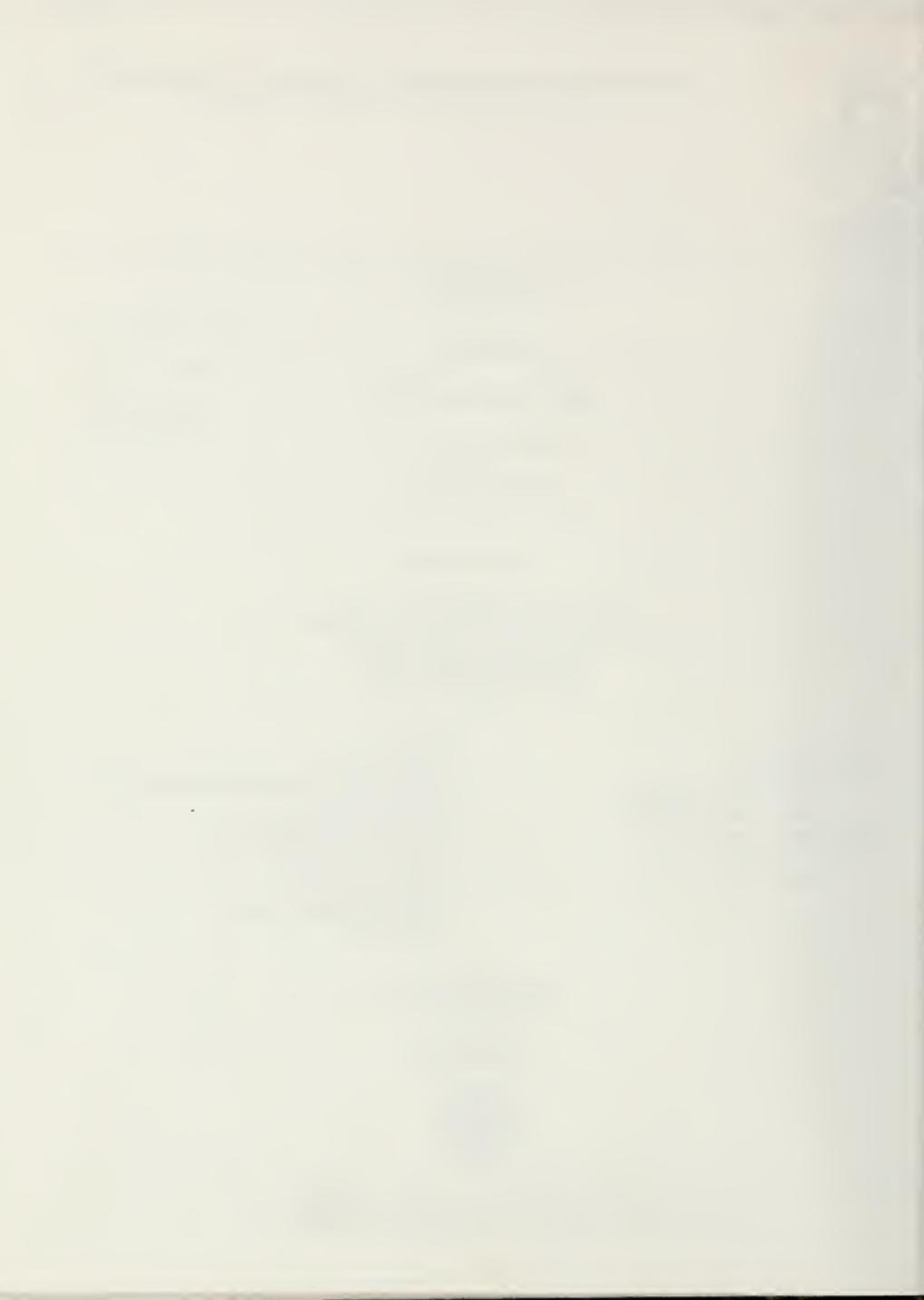
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Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY





Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

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The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.



ORDER OF BUSINESS:

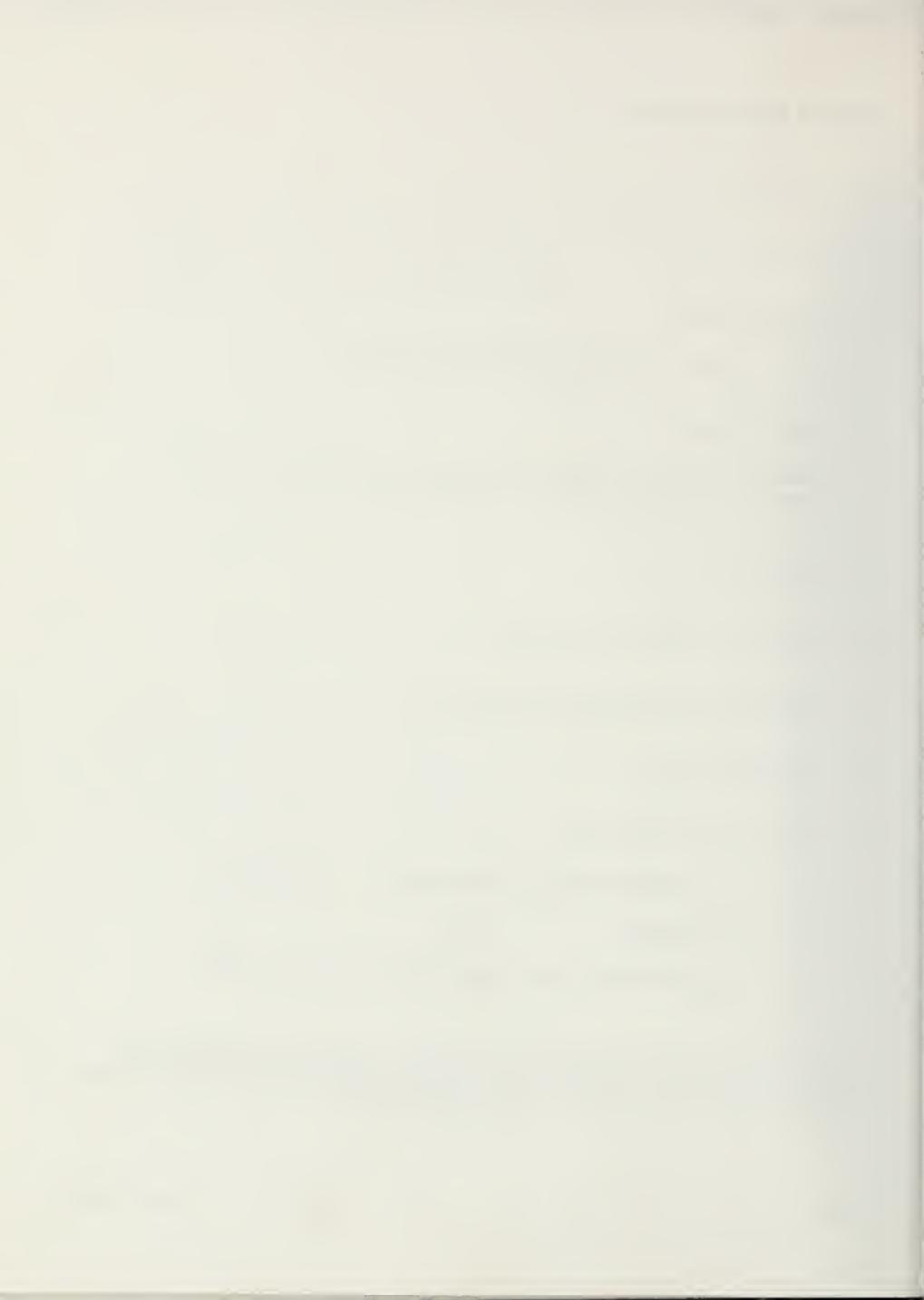
1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the January 25, 2005 Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications
6. Old/Ongoing Business by Commissioners
7. Introduction of New Business by Commissioners
8. Commission Business
9. Report of the General Manager
 - a) Revenue Bond Oversight Committee Report (Sweetland)
 - b) Reorganization (Leal)
 - c) Water Supply Improvement Program Request for Proposals Update (Irons)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.



Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103. Telephone: (415) 554-3165, Fax: (415) 554-3424.

PUBLIC HEARING

10. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Continued from the meetings of January 25, January 27-28, and February 2, 2005.) (Mariani)

Staff Recommendations: For discussion only. This item is proposed for continuance to February 18, 2005, at 1155 Market Street, Room 402 at 10:30 A.M.; and February 22, 2005, at 1 Dr. Carlton B. Goodlett Place, Room 400 at 1:30 P.M.)

REGULAR BUSINESS

11. Discussion and possible action related to the Regional Water System Improvement Program – Programmatic Environmental Impact Report. (Irons)

Staff Recommendation: Motion to direct the General Manager of Public Utilities to submit an application and all necessary documents to the City's Planning Department to begin the programmatic environmental review process.

12. Discussion and possible action related to a Memorandum of Understanding with the North San Mateo County Sanitation District relating to the Vista Grande Canal. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the North San Mateo County Sanitation District, a subsidiary of the City of Daly City (Daly City), to provide up to \$250,000 to Daly City for the purpose of hiring a consultant to develop project alternatives, conceptual designs and cost estimates for managing storm water overflows from the Vista Grande Canal.



REAL PROPERTY TRANSACTIONS

13. Discussion and possible action related to a lease with Decorative Plant Service, Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Decorative Plant Service, Inc. to use approximately 128,740 square feet of the greenhouse at 1150 Phelps Avenue, at the Southeast Community Facility / Treatment Plant in San Francisco, CA for a greenhouse, offices, and warehouse for a plant rental business.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. CW-348, Sewer Replacement. (J. Wong)

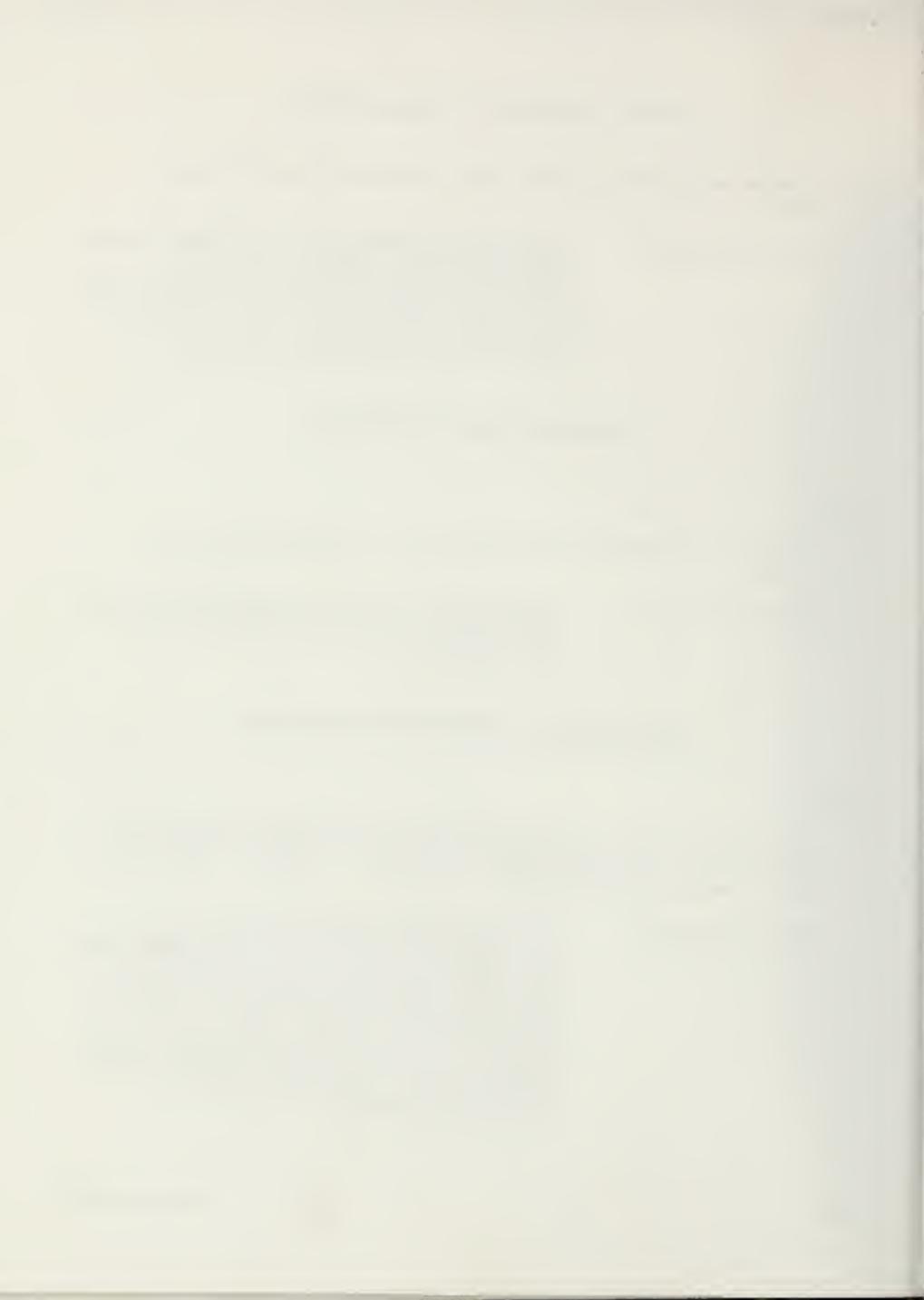
Staff Recommendation: Award Contract No. CW-348, 31st/37th/42nd/45th Avenues Sewer Replacement, in the amount of \$944,000, to K.J. Woods Construction.

PROFESSIONAL SERVICE CONTRACTS

Award

15. Discussion and possible action related to Agreement No. CS-764, Environmental Review Services, for Lower Crystal Springs Dam Improvements. (Carlin) (Continued from the meeting of January 11, 2005)

Staff Recommendation: Award Professional Services Agreement No. CS-764 to Entrix/MSE Joint Venture; authorize the General Manager of Public Utilities to negotiate and execute said agreement consisting of two phases with Entrix/MSE Joint Venture for a total amount not to exceed \$2.2 million, and with a duration of 48 months; and authorize the General Manager to commence work on Phase I while requiring that the General Manager return to the Commission for approval to commence work on Phase II.



16. Discussion and possible action related to Agreement No. CS-777, As-Needed Engineering Design Services. (Kelly)

Staff Recommendation: Award Professional Services Agreement No. CS-777 to URS Corporation and MWH Americas, Inc. to provide as-needed specialized engineering design services; and authorize the General Manager of Public Utilities to execute said agreements with each of these firms for an amount not to exceed \$4,500,000 (and a total budgeted amount not to exceed \$9,000,000), and with a duration not to exceed 3 years.

Amend

17. Discussion and possible action related to Amendment No. 1 to Agreement No. CS-723, Legislative Representation and Advocacy Services. (Spanjian)

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-723 with Edelstein and Gilbert and authorize the General Manager of Public Utilities to exercise the option to extend the agreement by 365 consecutive calendar days for a total duration of 730 consecutive calendar days; and for an amount not to exceed \$150,000, with a total agreement amount not to exceed \$300,000.

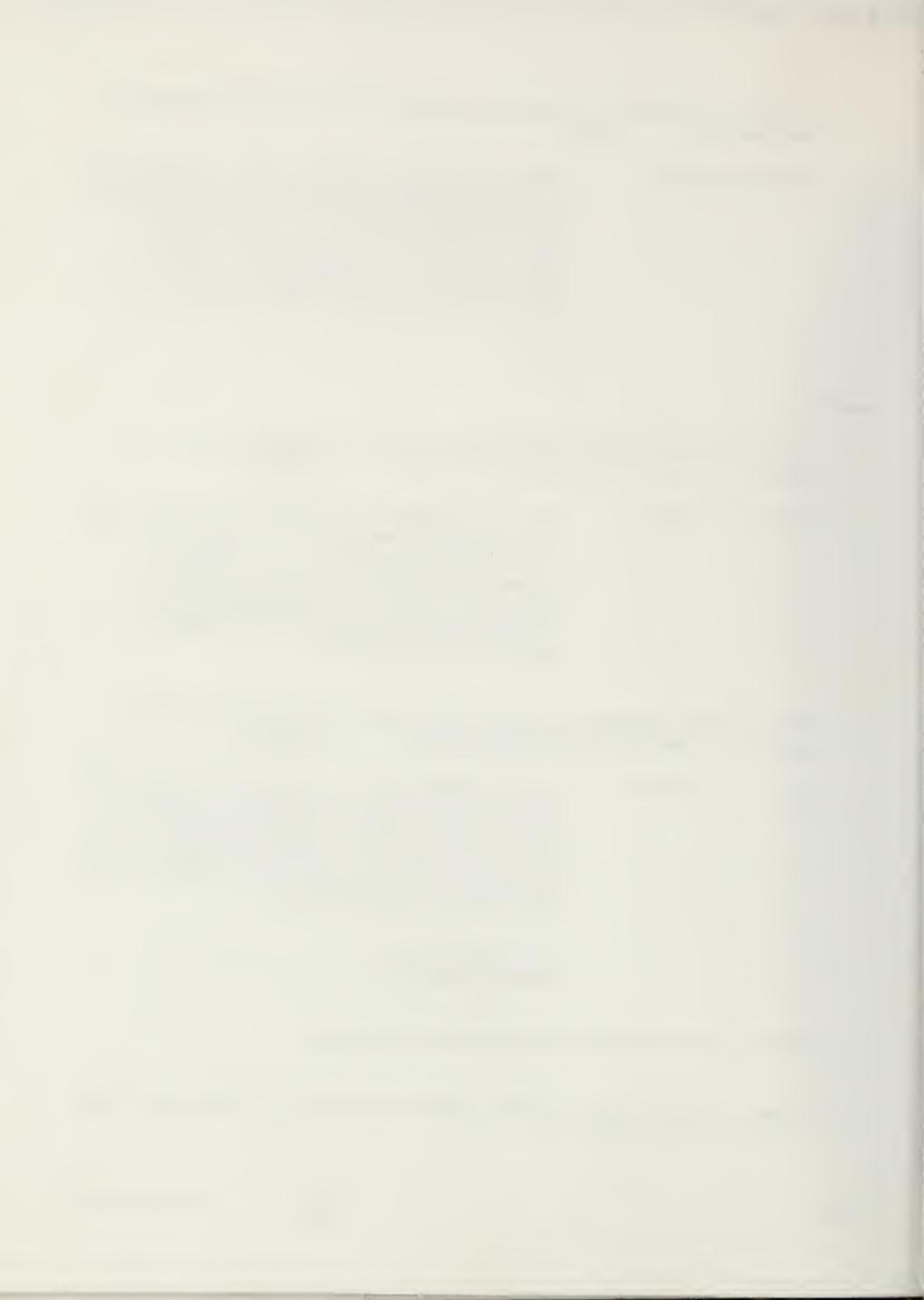
18. Discussion and possible action related to Amendment No. 1 to Agreement No. CS-721, Legislative Representation and Advocacy Services. (Spanjian)

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-721 with Daryl Owen Associates, Inc. and authorize the General Manager of Public Utilities to exercise the option to extend the agreement by 60 consecutive calendar days for a total duration of 425 consecutive calendar days. This amendment does not add any additional funding.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.



THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

21. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a). (Clayton)

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Paul McAleese
Claim No. 05-01487

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

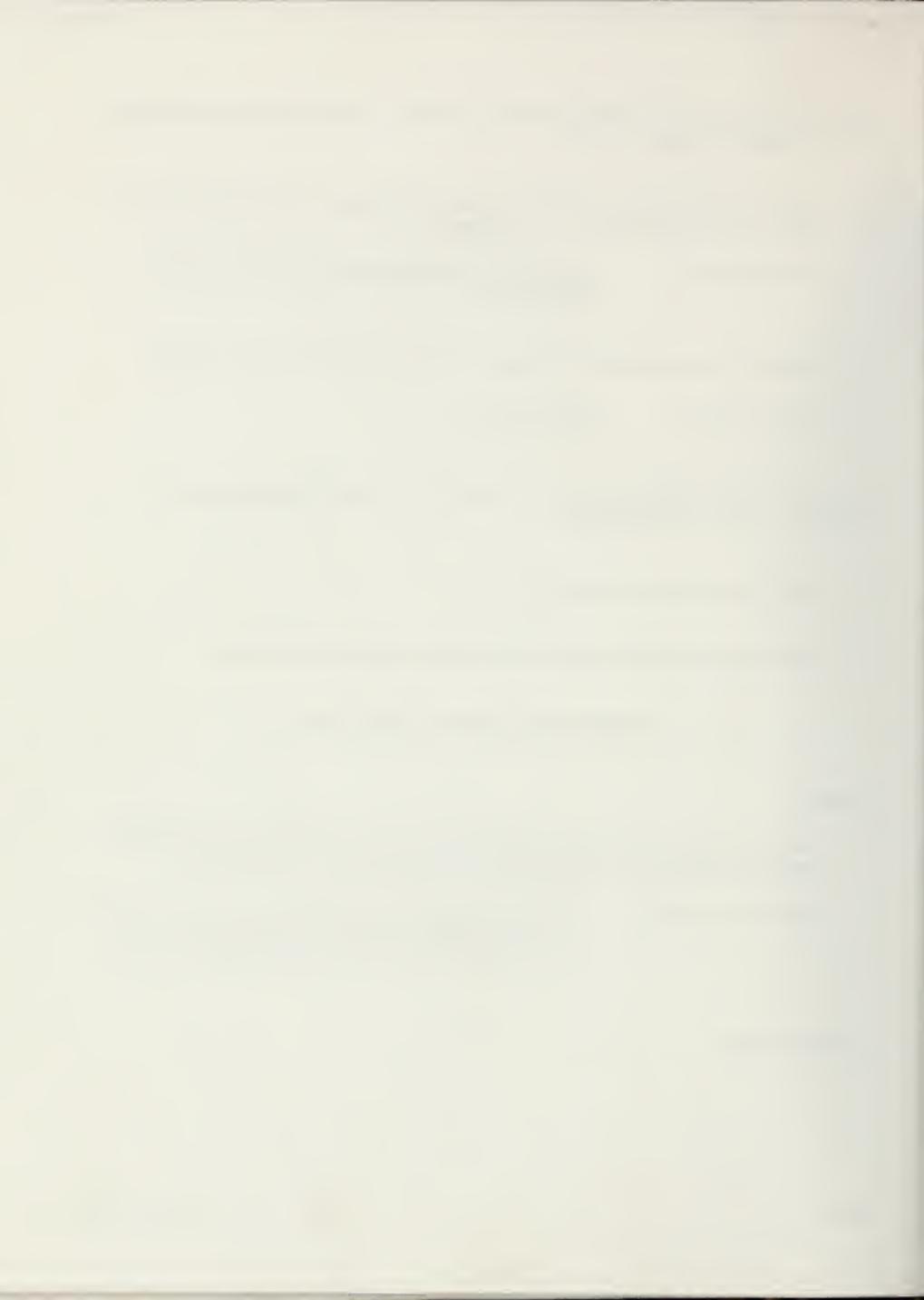
CONSTRUCTION CONTRACTS

Rescind

25. Discussion and possible action related to Contract No. WD-2370, 36-inch Sutro Pipeline from Central Pump Station to Dewey Boulevard/Laguna Honda Boulevard. (Irons)

Staff Recommendation: Rescind Resolution No. 04-0185, adopted by the SFPUC on November 9, 2004, which approved closeout for Contract No. WD-2370 to the contractor, Mitchell Engineering, Inc.

ADJOURNMENT



City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



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Gavin Newsom
MAYOR

MINUTES

Tuesday, February 8, 2005
1:30 P.M.

City Hall, Room 400
Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
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Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:31 P.M.

2. Roll Call: Present – President Richard Sklar, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Adam Werbach, and Commissioner Ryan L. Brooks

3. Approval of Minutes

a) Minutes of the January 25, 2005, Regular Meeting

The minutes of the January 25, 2005, meeting were continued to the February 22, 2005, meeting at the request of Commissioner Normandy.

4. Public Comments

There were none.

5. Communications

President Sklar brought up the memorandum from Ms. Dana Haasz, Water Conservation Administrator, regarding the success of the SFPUC fixture replacement program for residential customers and asked that an incentive and penalty program for commercial customers to install these devices be developed. Ms. Susan Leal, General Manager of Public Utilities, agreed to have staff provide a report with suggestions.

6. Old/Ongoing Business By Commissioners

Vice President Caen inquired about the lead found in Lake Merced. Ms. Leal replied the SFPUC was taking a proactive approach to the negative conditions caused by the gun club. She reported SFPUC was gathering information on the costs for mitigating the problem and the continued goal of the SFPUC was to raise the water level of Lake Merced.

Commissioner Brooks asked for a forum involving a two-way exchange with local and small businesses so the SFPUC could learn from them and asked that this be part of a proposal for the Fiscal Year 2005-2006 budget. Ms. Leal replied a workshop was held and reported on at the January 25, 2005, meeting and it was attended by about a dozen businesses. She stated she would come back to the Commission with a proposal for consideration.

7. Introduction of New Business by Commissioners

Nothing was discussed.

8. Commission Business by Commissioners

Nothing was discussed.

9. Report of the General Manager

a) Revenue Bond Oversight Committee Report

Mr. Patrick Sweetland, Revenue Bond Oversight Committee (RBOC), reported on their first annual report for 2004. He summarized the history of the creation of the RBOC, its goals, and the composition of the Committee. He announced the next meeting of the RBOC would be on April 4, 2005, at 1155 Market Street, in the 4th floor conference room.

b) Reorganization

Ms. Leal asked that this item be continued to the meeting of February 22,

2005. The Commission concurred with this request.

Ms. Leal stated it would make sense to hear items 9 (c) and 11 before hearing the

Budget presentation.

c) Water Supply Improvement Program Request for Proposals Update

Mr. Tony Irons, Deputy General Manager of Capital Programs, reported staff worked with many City departments on the draft Request for Proposals and it was about to go into a final review with several departments

REGULAR BUSINESS

11. Discussion and possible action related to the Regional Water System Improvement Program – Programmatic Environmental Impact Report.

Ms. Leal reviewed the efforts of staff on the Water System Improvement Program (WSIP) the last 120 days, noting how remarkable the collective effort was between the different SFPUC divisions. She stated 20 individuals representing various divisions in the SFPUC signed a letter of participation and their concurrence with and commitment to the plan as presented. Ms. Leal planned to present a program to the Commission, and depending upon Commission direction, would forward it to the City Planning

Department (CPD) to begin the 30-day review process. She continued that BAWSCA and other stakeholders would also be invited to review and comment on the program before it was revised and submitted to the State.

Ms. Leal asked the City Attorney if the Commission could take action on the program at this meeting since it involved changes in the scope, schedules, and costs of the program. Ms. Vicki Clayton, SFPUC General Counsel, replied there were two separate actions with two separate noticing periods: (1) The Commission could take action to send the WSIP to CPD to begin their review, and (2) There was a 30-day noticing requirement for the wholesale customers to allow them to comment before the revised program was sent to the State.

Ms. Leal stated the WSIP was no longer a string of projects, but a program that would provide for reliable, high quality water. She addressed the issues around supply and demand. She reported the cost of the WSIP did rise by \$717 million because of changes to the Program. She reported the five projects that caused the cost increases were: (1) Bay Division Pipeline changed from a caisson to a tunnel (\$230 million), (2) Water delivery increase to the Northern Peninsula and San Francisco to ensure reliability in case of a major seismic event (\$250 million),

(3) Add Programmatic Environmental Impact Review (PEIR) to the WSIP (\$145 million), (4) Increase alternative drought supply by increasing groundwater (\$39 million), and (5) Changed scope of several projects to meet certain levels of service based upon recent direction by the Commission (\$53 million).

Mr. Irons explained the process used for determining the changes in the WSIP was derived from the decisions made by the Commission during the workshops that started in October 2004 and ended in January 2005. After the January 13, 2005, workshop, staff reviewed all the projects in relation to Commission direction and changed or added projects to fulfill the ultimate goals of the WSIP. He stated the program included a level of service description, an operations plan, rescoped projects, a program budget, and a description of the entire WSIP that could be forwarded to the CPD so they could begin the environmental process.

Mr. Irons stated all the projects were subject to scrutiny and review during the PEIR; therefore, projects could still be changed along with the resulting schedules and costs. There was some discussion about the goals and whether or not they could be changed to comply more with the cost of the overall project. Mr. Irons stated the goals could be changed by the Commission

Mr. Art Jensen, General Manager of Bay Area Water Supply &

Conservation Agency (BAWSCA), presented a letter to the Commission regarding "Comments Regarding WSIP Matrix." He stated the Water Supply Matrix used during the workshops was inaccurate and led to the Commission making the wrong decisions. He asked the Commission to consider an additional option before adopting the WSIP revisions or provide final direction on the objectives for the PEIR.

Ms. Jenna Olsen, Tuolumne River Trust, referred to a letter sent to the Commission earlier in the week, and urged the Commission in their decision-making to separate the drought delivery goal from water supply options. She asked the Commission to consider, as a matter of policy, the pro's and con's, costs, and benefits at the different levels of service. She pointed out that the third goal for increasing reliability inappropriately presupposed the preferred mode for increasing reliability as "improving redundancy." She asked the Commission to remove the phrase "by improving redundancy" from the third goal because it precluded consideration of other means of increasing reliability. The Commission requested the opinion of the Deputy City Attorney on whether including this phrase would limit the PEIR to considering only redundancy as a method of improving reliability. Ms. Kate Stacey, Deputy City Attorney, responded that CEQA required the consideration of all methods of achieving a goal and that including the phrase "by increasing redundancy" in the goal would not preclude consideration of other methods of improving reliability. In regards to the Delivery Reliability goal, Ms. Olsen requested that qualifying language be added to say that the demand figure of 300 mgd was subject to revision as further analysis was completed. She then urged the Commission to set measurable levels of service for the sustainability goal and noted their lack made it appear the Commission did not treat this goal with the same priority as it did the other goals. She urged the Commission to make a Watershed Improvement Fund an explicit goal of the WSIP so that such projects would be eligible for bond funding.

President Sklar and Mr. Irons replied that redundancy was not an objectionable word and was referred to from an operational and maintenance point of view. President Sklar said it should not be considered a word that described expansion of supply projects, but simply as a word to describe projects needed for reliability. President Sklar stated the PEIR and CEQA process would review the projects and also explore alternatives to the projects.

Vice President Caen requested a discussion on costs. President Sklar stated this discussion could take place after a short break.

The Commission recessed at 3:29 P.M. The Commission resumed meeting at 3:47 P.M.

President Sklar announced the Commission would take Item 10 to

allow for public comment regarding the budget and would consider continuing the item.

PUBLIC HEARING

10. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. (Continued from the meetings of January 25, January 27-28, and February 2, 2005.)

Public Comments:

Mr. David Hochschild, member of the SFPUC Citizens Advisory Committee (CAC), asked the Commission to fund the Mayor's Energy Conservation Account (MECA) at \$15 million. He stated San Francisco needed to be a showcase for solar work as the City was the host city of World Environment Day, and environmental leaders from around the world would be at this conference.

Mr. Francisco da Costa, Environmental Justice Advocacy, asked the Commission to pay attention to the pollution in the Southeast sector from the two power plants located there. He stated it was critical to put a renewable energy program in place and work closely with the PG&E transmission line.

Mr. Alex Lantsberg, member of the SFPUC CAC, asked the Commission to fund MECA at \$15 million.

Mr. James Morrison, San Francisco resident, passed out a brochure from Generation Solar. He thanked the SFPUC for their help on solar issues and asked that the work be continued, citing the importance of the jobs created from the industry, cleaner air, and how solar would help obviate the use of power plants.

Ms. Barbara George, Women's Energy Matters, stated the Hunter's Point community was concerned about the pollution in the neighborhood and asked that energy efficiency projects be prioritized to provide for cheap and clean energy and job creation.

Mr. Charles Kalish, San Francisco Green Party, echoed Ms. George's remarks and urged San Francisco to make solar power happen in the City.

Moved by Commissioner Normandy, seconded by Vice President Caen, to continue the Item to the February 18, 2005, special meeting; passed (5-0) unanimously.

Staff Recommendations: For discussion only. This item is proposed for

continuance to February 18, 2005, at 1155 Market Street, Room 402 at 10:30 A.M.; and February 22, 2005, at 1 Dr. Carlton B. Goodlett Place, Room 400 at 1:30 P.M.)

President Sklar announced the discussion on Item 11 would continue.

Mr. Irons addressed Vice President Caen's question regarding the five areas of the WSIP that caused the \$717 million increase and described each project in more detail. President Sklar questioned the \$145 million budgeted for the PEIR, stating he thought it could be done for far less. He said he understood that mitigation measures that came out of the process might cost this sum, but that this sum would pay for 700 FTE years of work which seemed most excessive. Mr. Irons offered to return to the Commission with a complete breakdown of the cost and why it was appropriate.

Vice President Caen asked if the Bay Division Pipeline changes were necessary. Mr. Irons replied in the negative, but explained the alternative might possibly not survive the PEIR intact. He further explained it was important to have a program go forward that laid out the broad framework of the goals of the Commission, noting the CPD and the CEQA process could not change the goals.

Ms. Stacey, addressed the CEQA process, stating the process would look at alternatives and mitigation measures to address environmental impact.

Commissioner Normandy stated the input from the stakeholders was valid and should be factored in. He further stated there was nothing overwhelming said during the meeting to prevent the Commission from moving forward and proposed the Commission do so.

President Sklar reiterated his commitment to the environment. He stated he wanted to see a dramatic reduction in the soft cost component of the projects and these be expressed as a percentage of Construction rather than project costs. Commissioner Brooks asked that the soft costs not exceed 25%, and he asked staff to explore large-volume purchases for cost efficiency.

Commissioner Brooks expressed his discomfort with the fact that raising or lowering the Calaveras Dam was not addressed. President Sklar replied there was still time to make changes before the process was too far underway. He stated that the storage and treatment connected with this component group really was the major difference between the BAWSCA requested lower drought impact plan and the adopted plan. He asked Mr. Irons to have the CPD and the Environmental Consultant return to the Commission with a work plan and schedule. Commissioner Brooks also questioned the 2 percent reduction during a drought in the worst

year.

Public Comment:

Jennifer Clary, Clean Water Action and District 11 resident, reminded the Commission that votes could not take place until public comment was heard. She recommended the Commission not move forward with the staff recommendation because she did not receive it until 6:03 P.M. on Monday night. She took issue with an item on page 43 about the Tuolumne River, raised questions regarding reliability vs. redundancy and the diversity of the water supply. She asked that the SFPUC CAC meetings not be the only avenue for public input.

Mrs. Heather Dempsey, Tuolumne River Trust, referred to a letter distributed before the meeting from 20 environmental organizations, stating they had four main recommendations: (1) ensure seismic reliability, (2) don't expand the capacity of the system, (3) build on adopted stewardship policy, and (4) adopt a policy directive for environmental justice.

Mr. Stan Gage, President of Los Trancos Water, stated the numbers for the WSIP were out-of-control in respect to cost, reminding the Commission there was already a \$200 million increase projected in September 2004. He noted six or seven projects were deleted from the program and asked how much was saved from this. He asked the Commission to consider the economic impact of the rise in the wholesale cost of water, suggesting it could drive businesses out of the Bay Area.

Mr. Jensen stated he disagreed with the staff recommendation to move the document forward to the CPD. He stated he disagreed with the reliability goals, was astonished he was only given 19 hours to review the document, and that the document deviated from the goals that were agreed to at the January 13, 2005, workshop. He reported the economic impacts would be considerable and agreed with the concerns raised by Commissioner Brooks.

President Sklar responded most of the information was not new and was a summation of five months of work. He noted decisions could still be changed later if necessary. He stated it was a living document that would be coming back again for discussion as issues arose, but it was time to move forward or face further criticism for delaying the program.

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the following motion; passed (4-1, Brooks).

Staff Recommendation: Motion to direct the General Manager of Public Utilities to submit an application and all necessary documents

to the City's Planning Department to begin the programmatic environmental review process.

REGULAR BUSINESS

12. Discussion and possible action related to a Memorandum of Understanding with the North San Mateo County Sanitation District relating to the Vista Grande Canal.

Moved by Commissioner Werbach, seconded by Commissioner Brooks, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0014: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the North San Mateo County Sanitation District, a subsidiary of the City of Daly City (Daly City), to provide up to \$250,000 to Daly City for the purpose of hiring a consultant to develop project alternatives, conceptual designs and cost estimates for managing storm water overflows from the Vista Grande Canal.

President Sklar took Items 18 and 25 out of order.

PROFESSIONAL SERVICE CONTRACTS

18. Discussion and possible action related to Amendment No. 1 to Agreement No. CS-721, Legislative Representation and Advocacy Services.

Moved by Commissioner Brooks, seconded by Commissioner Werbach, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0015: Approve Amendment No. 1 to Agreement No. CS-721 with Daryl Owen Associates, Inc. and authorize the General Manager of Public Utilities to exercise the option to extend the agreement by 60 consecutive calendar days for a total duration of 425 consecutive calendar days. This amendment does not add any additional funding.

CONSTRUCTION CONTRACTS

Rescind

25. Discussion and possible action related to Contract No. WD-2370, 36-inch Sutro Pipeline from Central Pump Station to Dewey Boulevard/Laguna Honda Boulevard.

Ms. Leal reported approximately 620 feet of Dewey Boulevard was caving in and needed to be addressed before closing out the

contract. She stated the contractor would need to redo the project and needed to be held accountable for nonconforming work. Commissioner Normandy requested that Ms. Leal go beyond rescinding the contract and ask for liquidated damages and that an investigation be conducted.

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0016: Rescind Resolution No. 04-0185, adopted by the SFPUC on November 9, 2004, which approved closeout for Contract No. WD-2370 to the contractor, Mitchell Engineering, Inc.

President Sklar continued the meeting in order, starting with Item 13.

REAL PROPERTY TRANSACTIONS

13. Discussion and possible action related to a lease with Decorative Plant Service, Inc.

Moved by Commissioner Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0017: Authorize the General Manager of Public Utilities to execute a lease with Decorative Plant Service, Inc. to use approximately 128,740 square feet of the greenhouse at 1150 Phelps Avenue, at the Southeast Community Facility / Treatment Plant in San Francisco, CA for a greenhouse, offices, and warehouse for a plant rental business.

Commissioner Werbach was excused at 5:05 P.M.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. CW-348, Sewer Replacement.

President Sklar stated this contract was appearing before the Commission after discussions regarding change orders. He stated he hoped the Commission would not find out later that the amount needed had grown because staff had given erroneous design or specification information.

Moved by Commissioner Brooks, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0018: Award Contract No. CW-348, 31st/37th/42nd/45th Avenues Sewer Replacement, in the amount of \$944,000, to K.J. Woods Construction.

PROFESSIONAL SERVICE CONTRACTS

Award

15. Discussion and possible action related to Agreement No. CS-764, Environmental Review Services, for Lower Crystal Springs Dam Improvements. (Continued from the meeting of January 11, 2005)

President Sklar asked Mr. Michael Carlin, Assistant General Manager of Water, to provide the Commissioners with a cost breakdown between Phases I and II. Mr. Carlin agreed to provide this.

Moved by Vice President Caen, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0019: Award Professional Services Agreement No. CS-764 to Entrix/MSE Joint Venture; authorize the General Manager of Public Utilities to negotiate and execute said agreement consisting of two phases with Entrix/MSE Joint Venture for a total amount not to exceed \$2.2 million, and with a duration of 48 months; and authorize the General Manager to commence work on Phase I while requiring that the General Manager return to the Commission for approval to commence work on Phase II.

16. Discussion and possible action related to Agreement No. CS-777, As-Needed Engineering Design Services.

Public Comment:

Ms. Olivia Chen, President of Olivia Chen Consultants, protested the staff recommendation and asked the Commission to reject it, based upon irregularities in the bid process. She presented each Commissioner with a notebook containing materials related to the bid.

Commissioner Normandy, noting the long history and record of performance of Olivia Chen Consultants with the SFPUC, asked that the item be continued to the regular meeting of February 22, 2005, to review her comments and allow time to consult with the General Manager and staff.

President Sklar stated he found as-needed contracts anathema to him when SFPUC had engineers on staff and had project specific consultants. He questioned why SFPUC ever used as-needed contracts. He further stated that he would not approve further

design/engineering contracts on the WSIP until an engineering plan had been presented and approved. Ms. Clayton was asked to respond to questions raised by the Commissioners regarding the bid process and potential conflicts with the bidders and future contracts.

Moved by Commissioner Normandy, seconded by Vice President Caen, to continue the item to the Call of the Chair; passed (4-0) unanimously.

Staff Recommendation: Award Professional Services Agreement No. CS-777 to URS Corporation and MWH Americas, Inc. to provide as-needed specialized engineering design services; and authorize the General Manager of Public Utilities to execute said agreements with each of these firms for an amount not to exceed \$4,500,000 (and a total budgeted amount not to exceed \$9,000,000), and with a duration not to exceed 3 years.

Amend

17. Discussion and possible action related to Amendment No. 1 to Agreement No. CS-723, Legislative Representation and Advocacy Services.

Moved by Commissioner Normandy, seconded by Commissioner Brooks, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0020: Approve Amendment No. 1 to Agreement No. CS-723 with Edelstein and Gilbert and authorize the General Manager of Public Utilities to exercise the option to extend the agreement by 365 consecutive calendar days for a total duration of 730 consecutive calendar days; and for an amount not to exceed \$150,000, with a total agreement amount not to exceed \$300,000.

CLOSED SESSION

Moved by Vice President Caen, seconded by Commissioner Brooks, to continue the entire Closed Session, Items 19-24, to the next regular Commission meeting on February 22, 2005; passed (4-0) unanimously.

19. Public comments on matters to be discussed in Closed Session.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

21. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a).

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): Existing Litigation: Paul McAleese Claim No. 05-01487

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

There being no further business to discuss, the Commission adjourned at 5:21 P.M.

Mary Y. Jung
Secretary



Learn more about related Organizations at SFPUC:
Commission





SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

DOCUMENTS DEPT.

AGENDA

FEB - 3 2005

SPECIAL MEETING

SAN FRANCISCO
PUBLIC LIBRARY
02-03-004112 MOVE

February 18, 2005
10:30 A.M.

1155 Market Street, Room 402
San Francisco, CA

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Waste Water Program
Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY





Disability Access

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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

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Lobbyist Registration and Reporting Requirements

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

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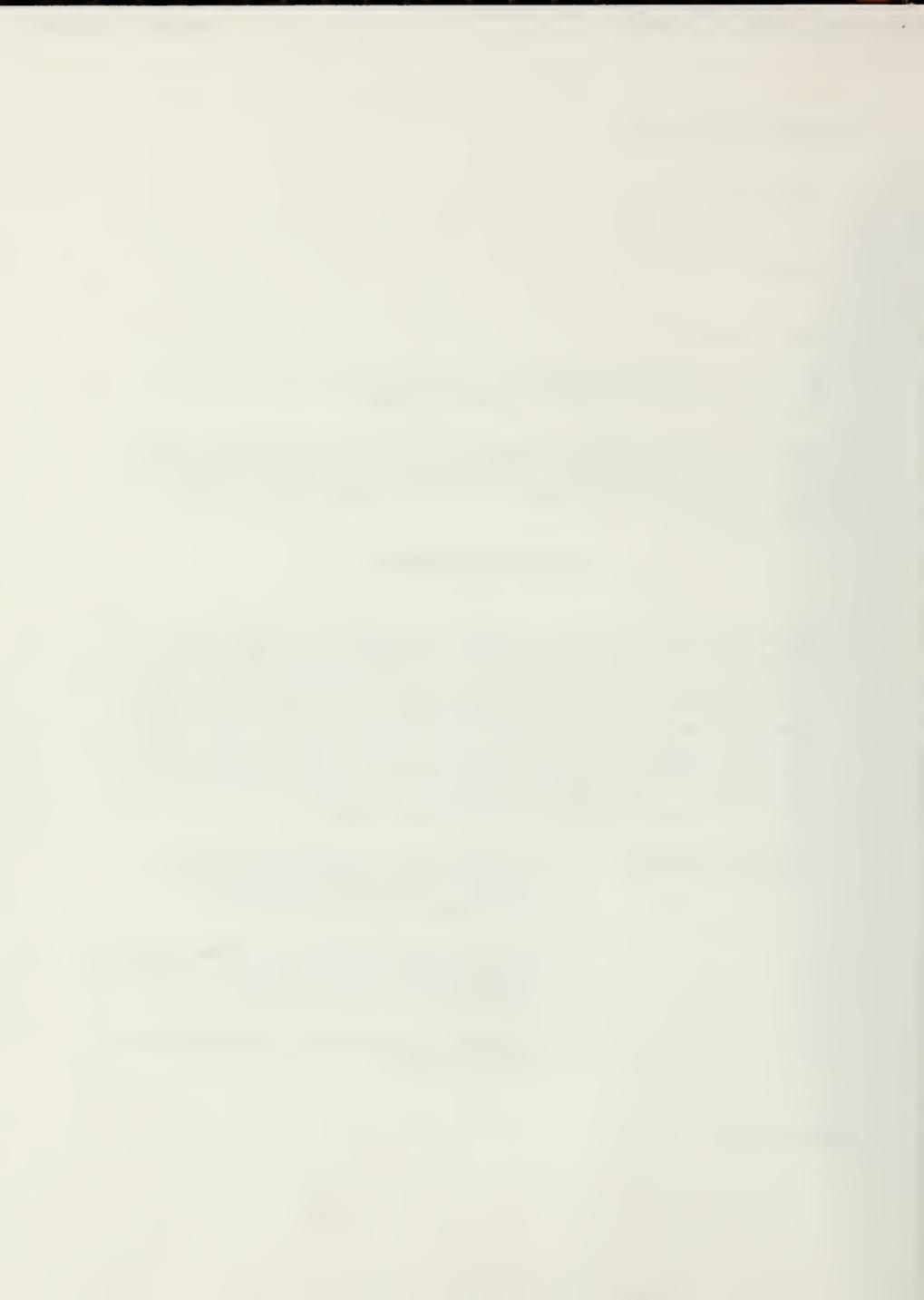
PUBLIC HEARING

4. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Continued from the meetings of January 25, January 27-28, February 2, and February 8, 2005.)

Staff Recommendations:

- a) Adopt the proposed Operating Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2005-2006.
- b) Adopt the proposed Capital Improvement Program for Hetch Hetchy Water & Power, Water, and Waste Water Enterprise for Fiscal Year 2005-2006.
- c) Continue the Public Hearing to the Regular Meeting of February 22, 2005.

ADJOURNMENT



City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





**SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

DOCUMENTS DEPT.

Tuesday, February 22, 2005
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

FEB 18 2005

SAN FRANCISCO
PUBLIC LIBRARY

12-18-05 A11:17 REVD

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Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Waste Water Program
Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY





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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the January 25, 2005, Regular Meeting
(Continued from the meeting of February 8, 2005)
 - b) Minutes of the January 27-28, 2005, Special Meeting
 - c) Minutes of the February 2, 2005, Special Meeting
 - d) Minutes of the February 8, 2005, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications
6. Old/Ongoing Business by Commissioners
7. Introduction of New Business by Commissioners
8. Commission Business
9. Report of the General Manager
 - a) Sewer Flooding Project (A. Lee)
 - b) Community Choice Aggregation Implementation Plan (Hale)
 - c) Water System Improvement Program Request for Proposals Update (Kelly/Irons)



- d) Reorganization (Leal)
(Continued from the meeting of February 8, 2005)

10. Bay Area Water Supply & Conservation Agency General Manager's Report

- a) Water System Improvement Program Issues (Jensen)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

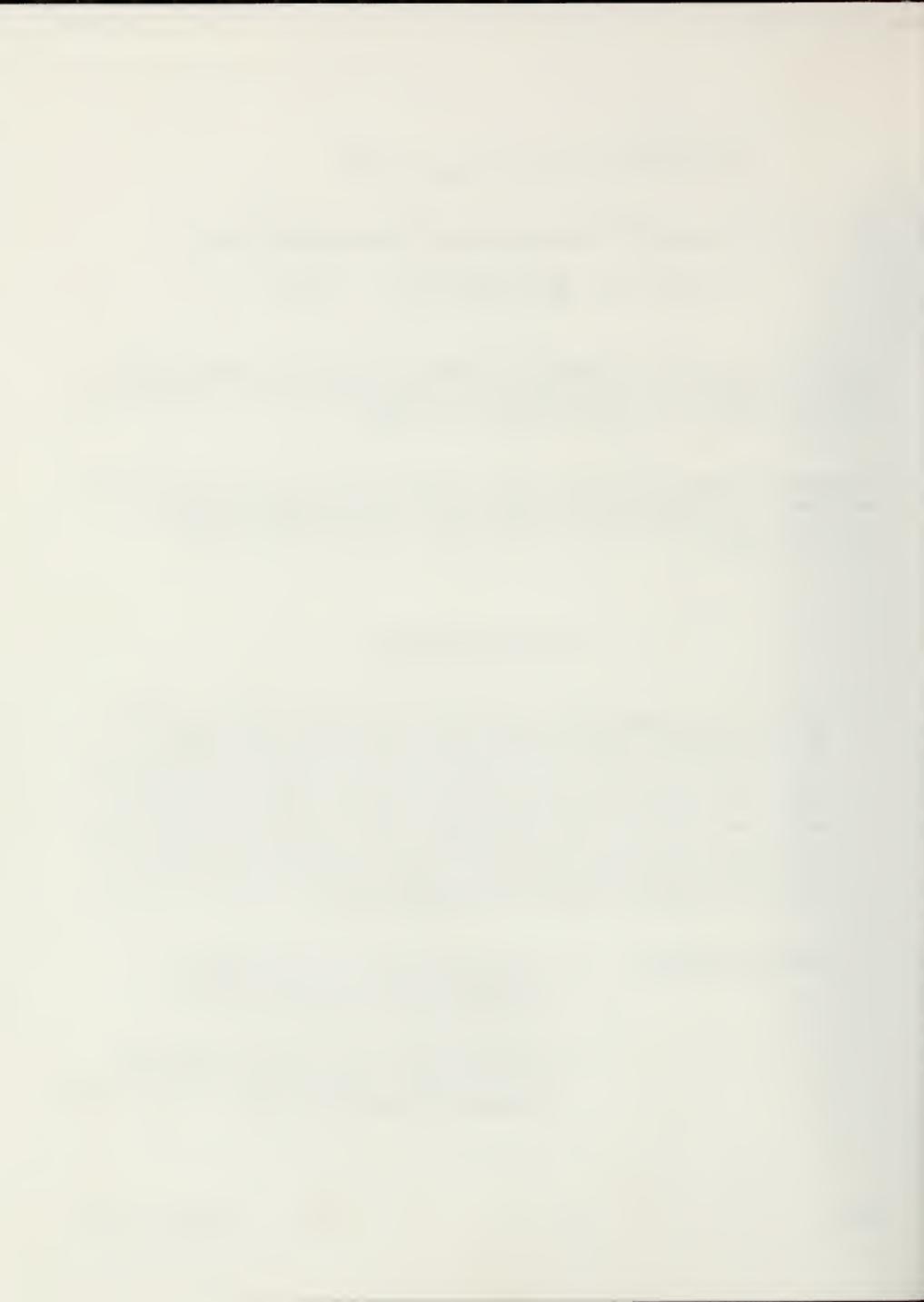
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PUBLIC HEARING

11. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2005-2006. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Continued from the meetings of January 25, January 27-28, February 2, February 8, and February 18, 2005.)

Staff Recommendations:

- a) Adopt the proposed Operating Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2005-2006.
- b) Adopt the proposed Capital Improvement Program for Hetch Hetchy Water & Power, Water, and Waste Water Enterprises for Fiscal Year 2005-2006.



CONSENT CALENDAR

12. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Commemorate Mr. Leland B. Ling, Jr. for his 36 years of service to the San Francisco Public Utilities Commission upon his retirement.

b) Staff Recommendation: Award Professional Services Agreement No. CS-758, Substitute Letter of Credit Services, Tax-Exempt Commercial Paper Program, to provide a substitute irrevocable letter of credit, to Bank of America N.A.; and authorize the General Manager of Public Utilities to negotiate and execute a letter of credit and reimbursement agreement with Bank of America N.A. for an amount not to exceed \$1,125,000, and with a duration of three years, with an option to extend.

c) Staff Recommendation: Accept work performed for Contract No. WD-2452, Tesla Portal Roadway Improvement, for a total contract amount of \$253,314, and authorize final payment of \$31,182 to Esquivel Grading and Paving.

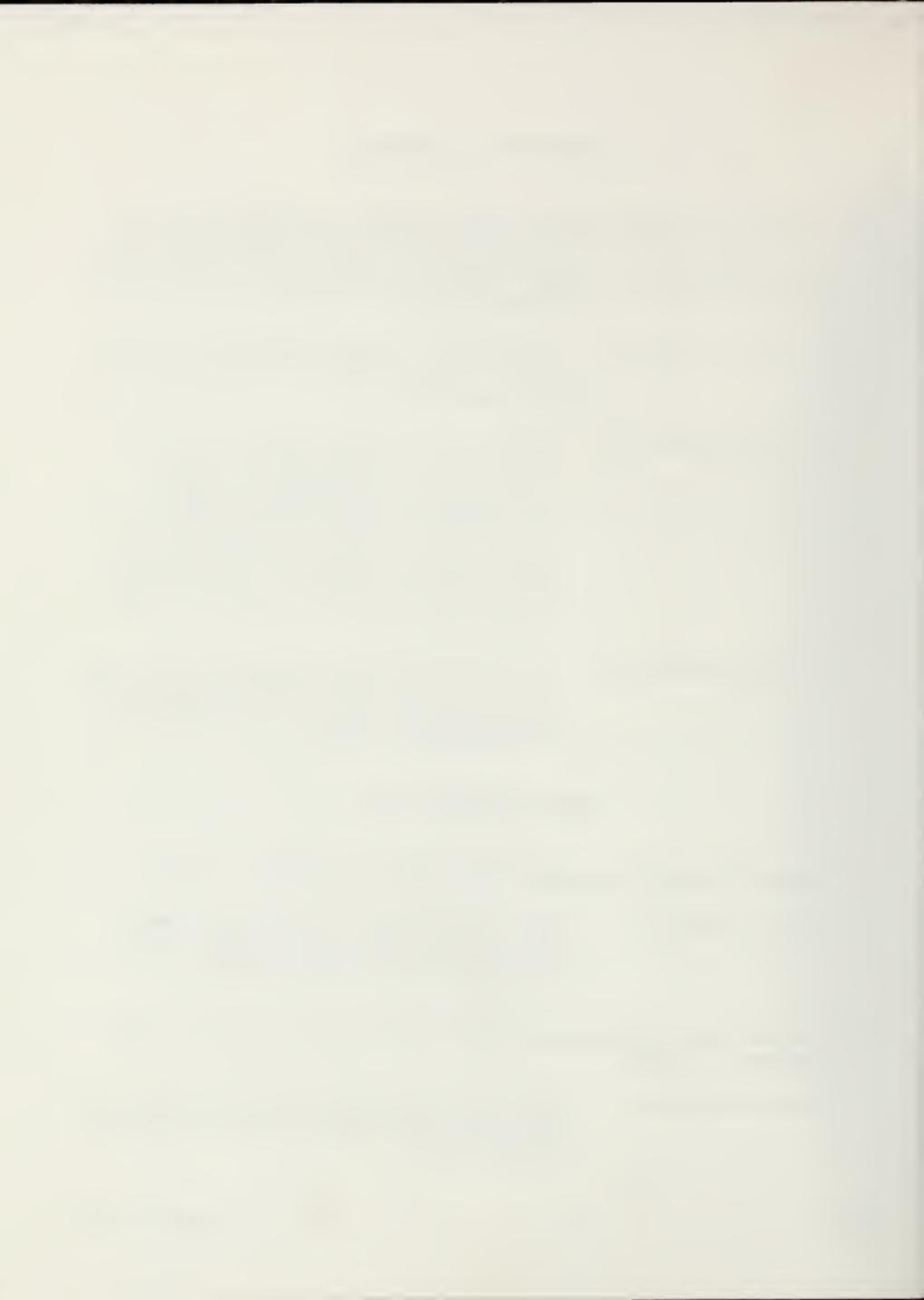
REGULAR BUSINESS

13. Discussion and possible action related to adopting a "Code of Conduct." (Sklar)

Staff Recommendation: Adopt a "Code of Conduct" governing Commissioners, SFPUC staff and selection committee members and their behavior regarding the awarding of contracts.

14. Discussion and possible action related to supplemental appropriation request for the Water Enterprise. (Carlin)

Staff Recommendation: Approve a supplemental appropriation request in the amount of \$2,725,935 to fund salaries and related fringe benefits for the Water Enterprise.



15. Discussion and possible action related to Contract No. CW-353, Oceanside Water Pollution Control Plant Digester Overflow Sludge Hoppers, New Protective Coating. (Franza)

Staff Recommendation: Accept work performed for Contract No. CW-353, for a total contract amount of \$111,894.25; approve Modification No. 3, for a time extension of 35 consecutive calendar days and a total contract duration of 310 consecutive calendar days; and authorize final payment of \$11,782.27 to Redwood Painting Co., Inc.

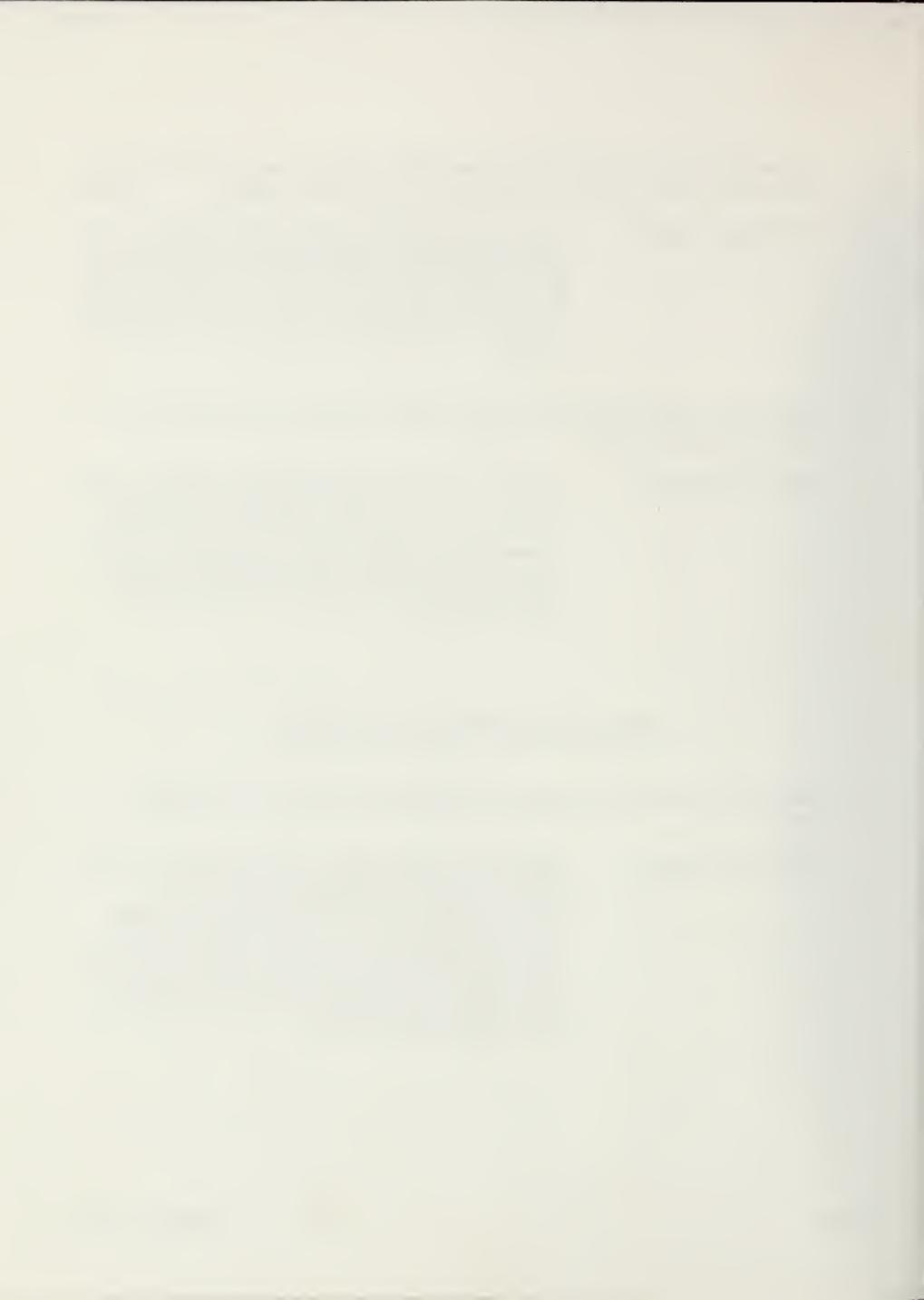
16. Discussion and possible action related to extending the term of the Letter Agreement with the Turlock Irrigation District. (Hale)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an amendment to extend the term of the Letter Agreement with Turlock Irrigation District, dated September 28, 2004, as amended on December 15, 2004, to purchase and sell firm energy until implementation of an Amended and Restated Long Term Power Sales Agreement, or March 25, 2005, whichever is earlier.

REAL PROPERTY TRANSACTIONS

17. Discussion and possible action related to a revocable permit with the City of Milpitas. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a revocable permit with the City of Milpitas to use approximately five acres of SFPUC land (portion of Bay Division Pipeline Nos. 3 and 4 right of way owned in fee) located near Abel and South Main Streets in Milpitas, CA for public parks and recreational uses for a new housing and commercial development near the Elmwood Rehabilitation Center, known as Terra Serena.



PROFESSIONAL SERVICE CONTRACTS

Award

18. Discussion and possible action related to Agreement No. CS-771, As-Needed Environmental Services for the SFPUC Water System Improvement Program. (Carlin)

Staff Recommendation: Award Professional Services Agreement No. CS-771, to ESA + Orion Joint Venture, CH2MHill, URS/Avila Joint Venture, Tetra Tech / Water Resource Engineering Joint Venture and Baseline; to provide as-needed environmental services through five professional services agreements, for contract amounts not to exceed \$950,000 each (and a total budgeted amount not to exceed \$4,750,000), and with a contract duration not to exceed three years for each agreement; and authorize the General Manager of Public Utilities to execute said agreements.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

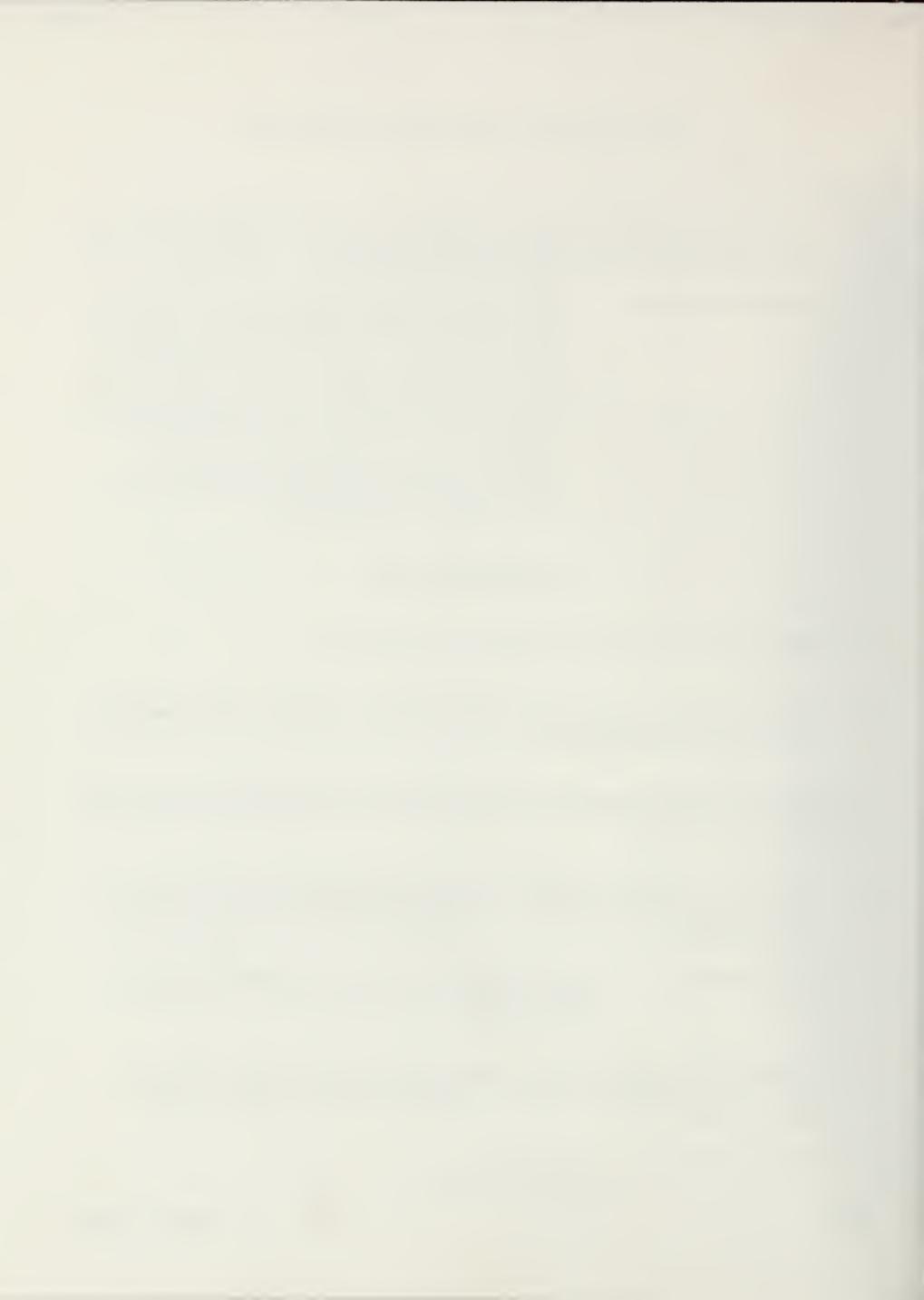
THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

21. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code Section 67.10(a). (Clayton) (Continued from the meeting of February 8, 2005)

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a) and Administrative Code Section 67.10(d): (Clayton) (Continued from the meeting of February 8, 2005)

Existing Litigation: Paul McAleese
Claim No. 05-01487



FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



**NOTICE OF PUBLIC HEARING
TO CONSIDER REVISED
SCHEDULES OF SEWER SERVICE CHARGES
TO BE CHARGED BY THE
SAN FRANCISCO WASTE WATER / CLEAN WATER ENTERPRISE
AND TO CONSIDER REVISED
SCHEDULES OF WATER RATES AND CHARGES
TO BE CHARGED BY THE
SAN FRANCISCO WATER ENTERPRISE**

Notice is hereby given that the Public Utilities Commission of the City and County of San Francisco will conduct a public hearing on Tuesday, March 22, 2005, at 1:30 p.m. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California to consider the following:

- Adoption of a revised Schedule of Sewer Service Charges for the San Francisco Waste Water / Clean Water Enterprise; and to consider adoption of miscellaneous fees and charges for various services provided by the San Francisco Waste Water / Clean Water Enterprise.
- Adoption of revised Schedules of Water Rates and Charges for the San Francisco Water Enterprise to its retail and wholesale customers including municipal accounts; and to consider adoption of miscellaneous fees and charges for various permits and services provided by the San Francisco Water Enterprise.

Copies of the proposals will be available for review beginning March 11, 2005, at 1155 Market Street, 11th Floor, San Francisco, California.

All interested parties are invited to attend the public hearing and present their views. Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.

Mary Y. Jung
Secretary





SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554 3488

GAVIN NEWSOM
MAYORRICHARD SKLAR
PRESIDENTANN MOLLER CAEN
VICE PRESIDENTE. DENNIS NORMANDY
ADAM WERBACH
RYAN L. BROOKSSUSAN LEAL
GENERAL MANAGER

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Tuesday, February 22, 2005

1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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PROFESSIONAL SERVICE CONTRACTS

Amend

2
1/22/05
Ident A new

25. Discussion and possible action related to Agreement No. CS-674, Brokerage Services, Owner-Controlled Insurance Program. (Layne)

Staff Recommendation:

Approve Amendment No. 3 to Agreement No. CS-674, with AON Risk Services, Inc., of Northern California Insurance Services, to extend the Owner-Controlled Insurance Program Professional Liability and Builders' Risk Insurance coverages for an additional year; and authorize the General Manager of Public Utilities to execute this amendment, increasing the agreement by \$1,256,845.00, for a total agreement amount of \$7,178,933.87, and extend insurance coverages to coincide with expiration of other insurances.





SAN FRANCISCO PUBLIC UTILITIES COMMISSION

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ADAM WERBACH
RYAN L. BROOKS

SUSAN LEAL
GENERAL MANAGER

2
2
1/20/05
6/1/05
cancel
cancelled

NOTICE OF CANCELLATION OF PUBLIC HEARING

At the Special Meeting of February 18, 2005, the San Francisco Public Utilities Commission passed resolutions adopting the Operating and Capital Budgets for FY 2005-2006 for its enterprises and bureaus. Accordingly, Item 11 of the February 22, 2005, Regular Meeting will not be heard. Any questions on this matter may be directed to the Office of the Commission Secretary at 415.554.3165.

Mary Y. Jung
Secretary to the Commission





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Wastewater

Power

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Commissioners

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2/22/05 Minutes SF Public Utilities Commission

02/24/2005

**Gavin Newsom
MAYOR**

MINUTES

Tuesday, February 22, 2005
1:30 P.M.

City Hall, Room 400
Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

**Susan Leal
GENERAL MANAGER**

**Mary Y. Jung
SECRETARY**

ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.

2. Roll Call: Present – President Richard Sklar, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Adam Werbach, and Commissioner Ryan L. Brooks

President Sklar announced Item 11, SFPUC FY 2005-2006 Budget, would not be heard because the budget passed at the February 18, 2005, Special Meeting. He also announced Item 25, a professional services contract, would be heard after Item 18. Commissioner Normandy asked that Item 12(a) be taken out of the Consent Calendar in order to properly recognize a retiring employee, Mr. Leland Ling, Jr. President Sklar agreed to this.

3. Approval of Minutes

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the Minutes of the January 25, 2005, Regular Meeting; the January 27-28, 2005, Special Meeting; and the February 2, 2005 Special Meeting; and continue the Minutes of the February 8, 2005, Regular Meeting to February 22, 2005; passed (5-0) unanimously.

- a) Minutes of the January 25, 2005, Regular Meeting (Continued from
the meeting of February 8, 2005)
- b) Minutes of the January 27-28, 2005, Special Meeting
- c) Minutes of the February 2, 2005, Special Meeting
- d) Minutes of the February 8, 2005, Regular Meeting

4. Public Comment

Ms. Lillian Jang, Fremont resident, asked the Commission to provide an analysis of the visual impact of the proposed site for the Fremont Valve House, along with traffic, environmental, safety, operational, and technical reports. She stated there were two sites considered and the Mayor of Fremont suggested his staff might have encouraged the SFPUC to choose the Cayuga site despite citizen protest. She presented Ms. Mary Jung, Commission Secretary, with a notebook comprised of information on the Fremont Valve House. Commissioner Normandy asked Ms. Jung to make copies for each of the Commissioners. Ms. Espanola Jackson, San Francisco resident, presented information to the Commission regarding the Southeast sector of the City. She asked the Commission to rescind a vote made the previous week on the peaker plants. She spoke about the uncleanliness of the air and rain and the cancer it caused. Mr. Francisco da Costa, Environmental Justice Advocacy, stated it was wrong for the SFPUC to continue using fossil fuels through the combustion turbines and that siting the turbines was wrong without

an open process. Ms. Jenna Olsen, Tuolumne River Trust, stated she had comments on the February 8, 2005, minutes and would submit them in writing. Ms. Helga Hussong, Cayuga Community member, stated the project is close to her home and was very noisy. She described the Fremont Valve House as unsightly and asked the Commission to consider moving it to another site.

Commissioner Normandy requested that Item 12(a) be heard before commencing with the remainder of the agenda.

12. President Sklar read the resolution honoring Mr. Leland Ling, Jr. to the audience and commented on the importance of the work Mr. Ling provided during his years at the San Francisco Port and the SFPUC. Moved by Commissioner Normandy, seconded by Vice President Caen, to adopt the item (a) listed under the Consent Calendar; passed (5-0) unanimously.

a) Resolution No. 05-0023: Commemorate Mr. Leland B. Ling, Jr. for his 36 years of service to the San Francisco Public Utilities Commission upon his retirement.

Commissioner Normandy asked Ms. Leal to address the issues raised by the Fremont residents in the General Managers Report and to provide an update on the Combustion Turbine Project. Ms. Leal agreed to address the Fremont issue under the General Managers Report and report on the Combustion Turbine Project at the March 8, 2005, Regular Meeting.

Commissioner Normandy addressed Ms. Jackson to advise her that the Commission had increased the Mayor's Energy Conservation Account (MECA) to \$8.5 million in the FY 2005-2006 budget. President Sklar stated Mr. Tony Winnicker, Communications Director, met with Fremont residents on February 18, 2005, at the SFPUC Office.

President Sklar continued with the meeting in order, starting with Item 5.

5. Communications

There was no discussion.

6. Old/Ongoing Business by Commissioners

Commissioner Brooks asked the General Manager to move up the Owner Controlled Insurance Program (OCIP) report so it could be heard soon. Commissioner Werbach asked that the draft of the revised water bill be presented to the Commission soon to allow Commissioner input and asked about the progress of the Customer Service Satisfaction Survey. President Sklar reminded staff that a

report on Treasure Island was due at the March 8, 2005, meeting. Commissioner Brooks asked for a progress report on activities surrounding the move to restore Hetch Hetchy. Ms. Leal replied an update would be provided in terms of the various forms of outreach at the State and Local government level.

7. Introduction of New Business by Commissioners

There was no discussion.

8. Commission Business

Commissioner Normandy announced he would be attending the American Water Works Association conference to participate in a panel discussion at the end of February.

9. Report of the General Manager

a) Sewer Flooding Project

Mr. Andrew Lee, Project Manager, presented a PowerPoint presentation on the 5-Year Wastewater Capital Improvement Program Update and the Alemany Sewer Project. He reviewed the capital projects for 2005 and the aged infrastructure/odor capital projects for 2005-2006. He also reviewed the finances, projecting the program increased from \$150 million to \$240 million over the course of five years. Mr. Lee described the Alemany Sewer Project and recommended it be funded immediately to begin the environmental review process. President Sklar asked if the \$90 million increase was the result of adding projects to the project list or because of increased costs to the existing identified projects. Mr. Lee answered the increase was a result of the former. There was discussion about the high cost of the project relative to the small number of homes affected. Mr. Lee stated that the Alemany Project needed to be built regardless of the number of homes because without it, sewage would flow into the streets. Ms. Leal asked Mr. Lee to return to the Commission with information on the value of the project and how it would fit into the Wastewater Master Plan by the March 8, 2005, meeting.

Ms. Leal asked Mr. Winnicker and Ms. Betsy Lauppe, Communications Coordinator, to come forward and address the questions raised by the Fremont residents who spoke during Public Comment. Mr. Winnicker and Ms. Lauppe explained there would be many projects similar to this arising over the next few years, and not every constituent group would be pleased by the results. They pointed out the project was cut from 75 feet long to 20 feet long. They stated that despite health objections by the neighbors, there were no carcinogens created from this project. President Normandy asked to see any available graphics so the Commission could

determine the visual impact and perhaps minimize any problems. He noted the photos provided by the Fremont residents appeared to have a significant negative impact. President Sklar asked that the visuals include photos of all sides of the Valve House and provide alternatives such as what the view would be like with trees at various elevations. Ms. Leal agreed to provide this information at the March 8, 2005, meeting. President Sklar replied he expected to see photos, elevation views, and a resolution to the issue soon. President Sklar remarked it was his understanding that the right of way was in place before any of the homes adjacent to it were built and the residents were both aware of this when they bought their homes and had the benefit of a protected area without structures or other homes built on it for many years.

b) Community Choice Aggregation Implementation Plan

Ms. Barbara Hale, Assistant General Manager of Power, informed the Commission the SFPUC was presenting a draft implementation plan for Community Choice Aggregation during March throughout the City. She gave a brief overview, informing the Commission the plan would include a draft request for bid and a request for proposal (RFP) of process for signing up. Ms. Hale indicated there were a number of potential bidders and that the criteria placed in the RFP would eventually influence who the final bidders would be. President Sklar suggested SFPUC needed to purchase consulting services to negotiate with potential suppliers to develop an advantageous program. He remarked SFPUC needed to ensure it didn't repeat the mistakes made during the energy crisis several years ago. Ms. Hale stated the plan would be revised and presented to the Commission for action before the April 27, 2005, deadline.

Ms. Leal asked Ms. Hale to address a situation regarding Yerba Buena Island. Ms. Hale reported SFPUC had been asked to put together a work plan for creating a public power utility to provide electric services for Treasure Island and Yerba Buena Island. She stated the report would be due on March 5, 2005, and planned to present it to the Commission before moving it forward to the Board of Supervisors. Ms. Leal reported briefly on a memorandum from Ms. Hale regarding an initial outline of a business plan for Hetch Hetchy. Ms. Leal stated Ms. Hale would be returning to the Commission in late March with a working draft of the business plan that could be commented on at the April 12, 2005, Regular Meeting.

c) Water System Improvement Program (WSIP) Request for Proposals (RFP) Update

Mr. Harlan Kelly, Jr., Assistant General Manager of Infrastructure, reported the Program Management/Construction Management RFP was distributed on February 17, 2005. Mr. Kelly announced the SFPUC planned to appear before the Civil Service Commission on

Feb 25, 2005. He announced there would be a pre-proposal conference held on February 24, 2005, and written questions needed to be received by March 3, 2005. He reported the proposals would be due on March 17, 2005, and expected the selection process to last four months. He planned to award the contract around July 15, 2005. President Sklar asked staff to explore ways to compress the timeline so that the Water System Improvement Program (WSIP) contract, which expires on June 30, 2005, did not need to be extended. He also announced a letter went out over his and the General Manager's signature to the fifty largest construction firms in America announcing the proposal and urged their Chief Executive Officers to review the RFP and consider applying. Commissioner Normandy asked to see a copy of the letter. Mr. Tony Irons, Deputy General Manager of Capital Projects, stated there were six or seven clusters of major project areas, grouped geographically. President Sklar stated he hoped a summary could be presented as to where each of the project groups were in terms of lead design firms selected, environmental firms selected, how the designs were being organized, and then a brief on where each of these design groups were so we could move toward a monitoring mode. President Sklar stated he spoke to Ms. Leal about using every fifth Commission meeting as a workshop to provide updates as to the progress made against the standards set in each of the project areas. Mr. Irons stated staff could present quarterly updates with complete status reports on the projects, how consultants were performing, and what requisitions were necessary. Commissioner Werbach asked that reports be given on the physical representation of what the actual work was on the ground.

d) Reorganization (Continued from the meeting of February 8, 2005) Ms. Leal presented an updated organization chart that included input from the Assistant General Managers (AGM) and Deputy General Manager. She noted there would be further restructuring of staff below the AGM level. She pointed out that Contracts was set off separately because it was in flux and was being revamped. She stated the organization chart was subject to change as it was a work in progress. President Sklar asked that the detailed organization chart for the Infrastructure Division sent with the RFP also be used in describing the General Manager's reorganization plan.

Public Comment:

Mr. Emeric Kalman, San Francisco resident, stated he was surprised at the high cost of a bottle of Hetch Hetchy water. President Sklar reminded speakers that they should use the time at the beginning of the session when comments are solicited on subjects not on the Agenda for remarks such as this and reserve comments during agenda items for the items being discussed.

The Commission recessed at 3:31 P.M.

The Commission resumed meeting at 3:44 P.M.

10. Bay Area Water Supply & Conservation Agency (BAWSCA)
General Manager's Report

a) Water System Improvement Program Issues

Mr. Art Jensen, BAWSCA General Manager, first remarked on the Fremont Valve House issue, noting there would be many such projects and that it was important for SFPUC engineers to work with the local agencies at the beginning of the process to ensure some of the neighborhood issues were identified early. He offered BAWSCA's help in these situations as information needed to be communicated and organizations needed to be identified. Mr. Jensen then stated BAWSCA members had several concerns. He stated it was disheartening to the BAWSCA members that the WSIP had to be delayed with the reprogramming and that costs continued to rise and were expected to rise even more. He added that the underlying problems appeared to be institutional in nature. He stated BAWSCA members wanted San Francisco to succeed and continued to want to work collaboratively with the SFPUC. In response to a comment, he stated BAWSCA never said the cost was too high. He stated BAWSCA always said they would pay their fair share; however, BAWSCA members did not like the uncertainty of the numbers.

CONSENT CALENDAR

12. Moved by Commissioner Normandy, seconded by Vice President Caen, to adopt items (b) and (c) listed under the Consent Calendar; passed (5-0) unanimously.

b) Resolution No. 05-0024: Award Professional Services Agreement No. CS-758, Substitute Letter of Credit Services, Tax-Exempt Commercial Paper Program, to provide a substitute irrevocable letter of credit, to Bank of America N.A.; and authorize the General Manager of Public Utilities to negotiate and execute a letter of credit and reimbursement agreement with Bank of America N.A. for an amount not to exceed \$1,125,000, and with a duration of three years, with an option to extend.

c) Resolution No. 05-0025: Accept work performed for Contract No. WD-2452, Tesla Portal Roadway Improvement, for a total contract amount of \$253,314, and authorize final payment of \$31,182 to Esquivel Grading and Paving.

REGULAR BUSINESS

13. Discussion and possible action related to adopting a "Code of Conduct."

President Sklar handed Vice President Caen the gavel as he was going to present this item. President Sklar explained that contract awards were very sensitive areas of government. He stated he spoke with Ms. Vicki Clayton, SFPUC General Counsel, and she produced a resolution delineating the responsibilities of staff and the Commission. Ms. Clayton also outlined steps Commissioners and staff could take to show transparency in the selection process by recording when staff and Commissioners were being lobbied. Commissioner Werbach stated he supported a Code of Conduct and asked that the log be kept simple and list who made the contact and when. He also asked that the fifth paragraph be amended to add the word "undisclosed" before the word "dictation." Commissioner Normandy, in voicing his support for the Code of Conduct, asked that a paragraph be added to reflect there was no indication of previous problems with this issue, that this Code of Conduct simply built upon what was already in the Charter and Sunshine regulations, and that the Commission take caution as to not do anything that would in any way diminish or abdicate the Commission's responsibility in awarding contracts. Commissioner Brooks stated he was also in support of a Code of Conduct, but thought the Charter already addressed this issue and he did not want to discourage people from calling the Commissioners. Commissioner Caen stated she thought the resolution was a wonderful affirmation of how the Commissioners should conduct themselves. Commissioner Normandy asked if the changes requested could be factored into a new resolution and be brought back to the Commission at the March 8 meeting. President Sklar reported he kept logs when he worked for the State Department and found it did not stop people from calling him. He also stated he agreed with Commissioners Normandy and Brooks that the list should be "as practicable" as possible since it would be impossible to maintain perfect records.

Public Comment:

Mr. Kalman stated he thought that any professional coming to the Commission or staff was breaking the Code of Conduct and should not be allowed to bid. President Normandy stated he was concerned with (c) on the last paragraph of page 1 of the resolution, "developing and implementing a process for selection of the consultant." President Sklar summed up the changes for the City Attorney to include: (1) a whereases as to where it builds on existing law; and (2) language that the listing be practicable and have no penalty or pejorative effect. Moved by Vice President Caen, seconded by President Sklar, to continue the item to the March 8, 2005, Regular Meeting; passed (5-0) unanimously.

Staff Recommendation: Adopt a "Code of Conduct" governing Commissioners, SFPUC staff and selection committee members and their behavior regarding the awarding of contracts.

14. Discussion and possible action related to supplemental appropriation request for the Water Enterprise.

Mr. Michael Carlin, Assistant General Manager of Water, reported the SFPUC asked for the appropriate amount of funding in the Fiscal Year 2004-2005 budget, but the Board of Supervisors cut the budget. Moved by Commissioner Brooks, seconded by Vice President Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0026: Approve a supplemental appropriation request in the amount of \$2,725,935 to fund salaries and related fringe benefits for the Water Enterprise.

15. Discussion and possible action related to Contract No. CW-353, Oceanside Water Pollution Control Plant Digester Overflow Sludge Hoppers, New Protective Coating.

Moved by Commissioner Normandy, seconded by Vice President Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0027: Accept work performed for Contract No. CW-353, for a total contract amount of \$111,894.25; approve Modification No. 3, for a time extension of 35 consecutive calendar days and a total contract duration of 310 consecutive calendar days; and authorize final payment of \$11,782.27 to Redwood Painting Co., Inc.

16. Discussion and possible action related to extending the term of the Letter Agreement with the Turlock Irrigation District.

Moved by Commissioner Normandy, seconded by Vice President Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0028: Authorize the General Manager of Public Utilities to execute an amendment to extend the term of the Letter Agreement with Turlock Irrigation District, dated September 28, 2004, as amended on December 15, 2004, to purchase and sell firm energy until implementation of an Amended and Restated Long Term Power Sales Agreement, or March 25, 2005, whichever is earlier.

REAL PROPERTY TRANSACTIONS

17. Discussion and possible action related to a revocable permit with the City of Milpitas. President Sklar continued Item 17 to the March 8, 2005, Regular Meeting.

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a revocable permit with the City of Milpitas to use approximately five acres of SFPUC land (portion of Bay Division

Pipeline Nos. 3 and 4 right of way owned in fee) located near Abel and South Main Streets in Milpitas, CA for public parks and recreational uses for a new housing and commercial development near the Elmwood Rehabilitation Center, known as Terra Serena.

PROFESSIONAL SERVICE CONTRACTS

Award

18. Discussion and possible action related to Agreement No. CS-771, As-Needed Environmental Services for the SFPUC Water System Improvement Program.

President Sklar asked that as-needed contracts be deferred until an engineering and design program was developed showing needs and resources program and project-wide. This referred back to an earlier discussion about getting a design and environmental management program in place so the SFPUC would know what was needed in consultant and staff resources.

Moved by President Sklar, seconded by Commissioner Normandy to continue the item to the Call of the Chair; passed (5-0) unanimously.

Staff Recommendation: Award Professional Services Agreement No. CS-771, to ESA + Orion Joint Venture, CH2MHill, URS/Avila Joint Venture, Tetra Tech / Water Resource Engineering Joint Venture and Baseline; to provide as-needed environmental services through five professional services agreements, for contract amounts not to exceed \$950,000 each (and a total budgeted amount not to exceed \$4,750,000), and with a contract duration not to exceed three years for each agreement; and authorize the General Manager of Public Utilities to execute said agreements. President Sklar took the agenda out of order so that Item 25 could be heard under the Professional Service Contracts category.

Amend

25. Discussion and possible action related to Agreement No. CS-674, Brokerage Services, Owner-Controlled Insurance Program.

Ms. Leal asked the Commission to approve this contract as two of the policies were expiring effective February 1, 2005. She stated she planned to return with a report on the entire OCIP process.

Moved by Commissioner Werbach, seconded by Vice President Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No: 05-0029 Approve Amendment No. 3 to Agreement No. CS-674, with AON Risk Services, Inc., of Northern California

Insurance Services, to extend the Owner-Controlled Insurance Program Professional Liability and Builders' Risk Insurance coverages for an additional year; and authorize the General Manager of Public Utilities to execute this amendment, increasing the agreement by \$1,256,845.00, for a total agreement amount of \$7,178,933.87, and extend insurance coverages to coincide with expiration of other insurances.

CLOSED SESSION

President Sklar continued the entire Closed Session, Items 19-24, to the March 8, 2005, Regular Meeting.

19. Public comments on matters to be discussed in Closed Session.

Items 19-24 continued to the March 8, 2005, Regular Meeting.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

21. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code Section 67.10(a). (Clayton) (Continued from the meeting of February 8, 2005) Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a) and Administrative Code Section 67.10(d): (Clayton) (Continued from the meeting of February 8, 2005)

Existing Litigation: Paul McAleese Claim No. 05-01487

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

There being no further business to discuss, the meeting was adjourned at 5:07 P.M.

Mary Y. Jung
Secretary



Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, March 8, 2005
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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PUBLIC LIBRARY

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

05-04-05 A10:43 RCV

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Waste Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY





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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/cethics.



ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the February 8, 2005 Regular Meeting
(Continued from the meeting of February 22, 2005)
 - b) Minutes of the February 18, 2005, Special Meeting
 - c) Minutes of the February 22, 2005, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications
6. Old/Ongoing Business by Commissioners
7. Introduction of New Business by Commissioners
8. Commission Business
9. Report of the General Manager
 - a) As-Needed Contracts Report (Irons)
 - b) Fremont Valve House Visuals (Irons)
 - c) Combustion Turbine Update (Hale/Kubick)
 - d) Treasure Island/Yerba Buena Island Report (Hale/Larano)



e)	Wastewater/Alemany Update	(Leal)
f)	Rate Structure Changes Update	(Sandler/Winnicker)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Award Agreement No. CS-772A, Environmental Services, San Andreas Pipeline No. 3 Installation, to Tetra Tech, Inc./Water Resources Engineering, Inc. Joint Venture; to provide specialized environmental analysis services; and authorize the General Manager of Public Utilities to execute said agreement that will consist of two phases for an amount not to exceed \$425,000, and with a duration of 36 months; and authorize the General Manager to commence work on Phase I while requiring the General Manager to return to the Commission for approval to commence work on Phase II.
 - b) Staff Recommendation: Award Agreement No. CS-772B, Environmental Services, Crystal Springs Pipeline No. 2 Replacement, to Ecology and Environment, Inc./Ward Planning & Environmental LLC/BMS Design Group Joint Venture; to provide specialized environmental analysis services; and authorize the General Manager of Public Utilities to execute said agreement that will consist of two phases for an amount not to exceed \$425,000, and with a duration of 36 months; and authorize the General Manager to commence work on



Phase I while requiring that the General Manager return to the Commission for approval to commence work on Phase II.

REGULAR BUSINESS

11. Discussion and possible action related to adopting a Code of Conduct. (Sklar)
(Continued from the meeting of February 22, 2005)

Staff Recommendation: Adopt a Code of Conduct governing Commissioners, SFPUC staff and selection committee members and their behavior regarding the awarding of contracts.

12. Discussion and possible action related to appropriation for Water System Improvement Program. (Irons)

Staff Recommendation: Authorize appropriation of \$153,981,000 from the 2002 Prop A Bond Fund for projects in the Water System Improvement Program. This appropriation will be incorporated in the SFPUC FY 2005-2006 Capital Project Budget request approved by the Commission on February 18, 2005.

13. Discussion and possible action related to Contract No. WD-2472, Ingoing Road Overlay Phase 1. (Kelly)

Staff Recommendation: Approve transfer of funds in the amount of \$350,000 from Project No. CUW232 – San Mateo Creek Impact Mitigation, to Project No. CUW228 – Watershed Roadway Program; and award Contract No. WD-2472 in the amount of \$869,200 to HSR Inc.

14. Discussion and possible action related to Contract No. DB-102A, Solar Photovoltaic Installation, Phase 1. (Hale)

Staff Recommendation: Award Contract No. DB-102A, a design-build agreement (DBA) for turnkey design and construction at four community sites to MC Solar, for an amount not to exceed \$100,000 over the life of the project; and authorize the General Manager of Public Utilities to request approval of the Board of Supervisors for this DBA, and negotiate and execute said agreement.



15. Discussion and possible action related to a broadband communication system.
(Loffeld/Lyons)

Staff Recommendation: Adopt resolution urging release of reserved funds in the amount of \$300,000 for a feasibility study of a City broadband communication system.

16. Discussion and possible action related to Letter of Credit for the commercial paper program.
(Ostberg)

Staff Recommendation: Approve the attached resolution urging the Board of Supervisors to adopt a resolution approving the substitution of the letter of credit for the commercial paper program; approve the Letter of Credit and Reimbursement Agreement with Bank of America N.A.; and approve the form of the Offering Memorandum.

REAL PROPERTY TRANSACTIONS

17. Discussion and possible action related to a revocable permit with the City of Milpitas.
(Dowd) (Continued from the meeting of February 22, 2005)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a revocable permit with the City of Milpitas to use approximately five acres of SFPUC land (portion of Bay Division Pipeline Nos. 3 and 4 right of way owned in fee) located near Abel and South Main Streets in Milpitas, CA for public parks and recreational uses for a new housing and commercial development near the Elmwood Rehabilitation Center, known as Terra Serena.

18. Discussion and possible action related to access in Lincoln Park for a replacement pump station and a replacement tank.
(Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the San Francisco Recreation and Park Commission which will allow the San Francisco Public Utilities Commission access to the southern slope of Lincoln Park to construct, install, operate, repair, and maintain a Replacement Pump Station and a Replacement Tank in Lincoln Park.



CONSTRUCTION CONTRACTS

Award

19. Discussion and possible action related to Contract No. WD-2397, Sunset Reservoir North Basin – Embankment Stabilization. (Kelly)

Staff Recommendation: Award Contract No. WD-2397, in the amount of \$6,799,376, to Gordon N. Ball / Yerba Buena Engineering & Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

20. Discussion and possible action related to amending Agreement No. CS-724, Architect-Engineering Services, San Francisco Electrical Reliability. (Kubick)

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-724, with PB Power Inc., to provide specialized consulting and power plant engineering and oversight and authorize the General Manager of Public Utilities to execute said amendment, increasing the agreement by \$2,970,758, for a total agreement amount of \$3,720,758, and with a time extension of 730 consecutive calendar days, for a total agreement duration of 1,825 consecutive calendar days.

21. Discussion and possible action related to amending Agreement No. CS-725, Environmental Services, San Francisco Electrical Reliability. (Kubick)

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-725 with CH2Mhill, to provide specialized environmental, consulting and power plant licensing services; and authorize the General Manager of Public Utilities to execute said amendment increasing the agreement by \$1,735,100, for a total agreement amount of \$3,235,100, and with no time extension.



CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.
23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

24. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code Section 67.10(a). (Clayton) (Continued from the meetings of February 8 and 22, 2005)

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a) and Administrative Code Section 67.10(d): (Clayton) (Continued from the meetings of February 8 and 22, 2005)

Existing Litigation: Paul McAleese
Claim No. 05-01487

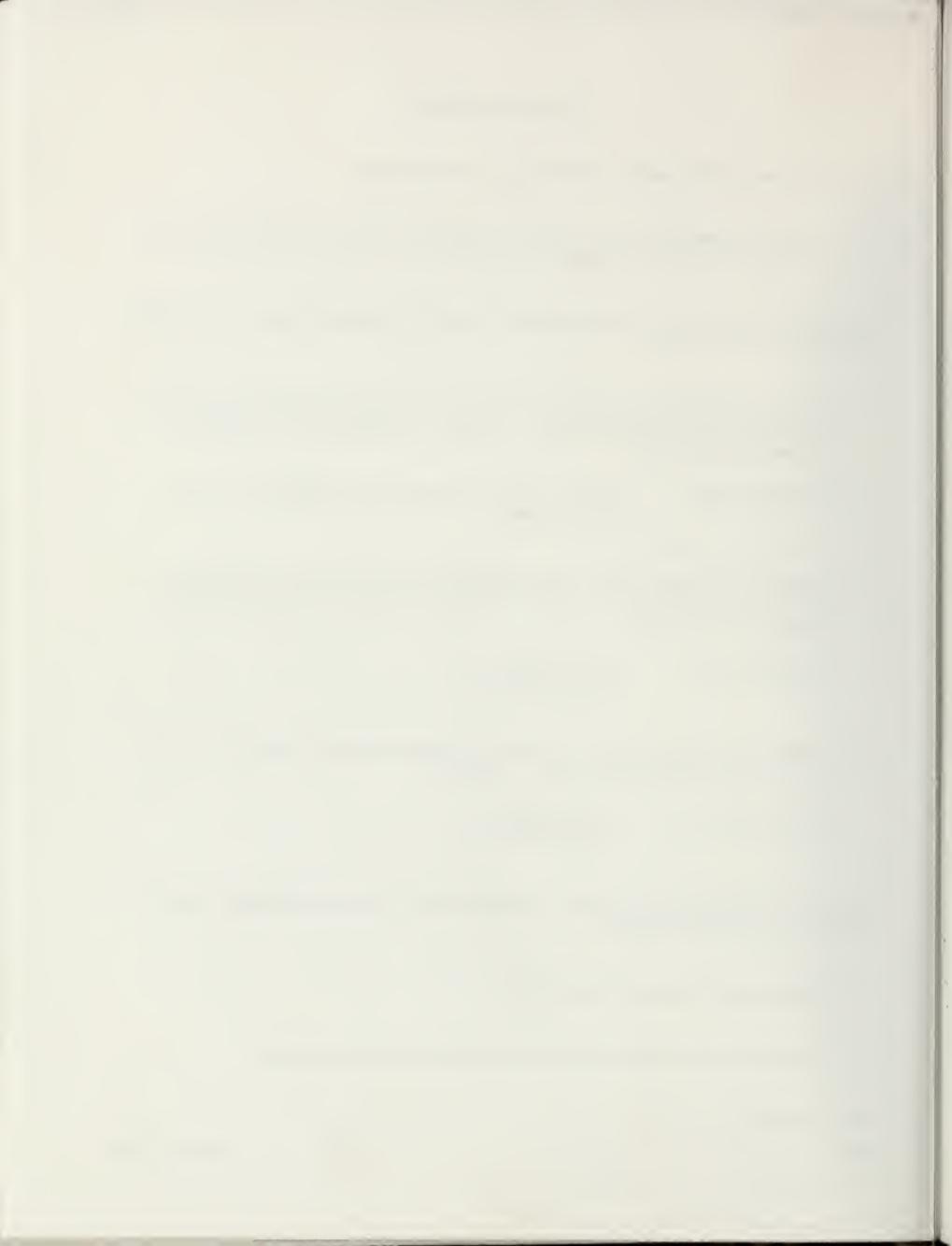
26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a) and Administrative Code Section 67.10(d): (Clayton)

Existing Litigation: Paul Boschetti
Claim No. 05-00405

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

27. Announcement following Closed Session.
28. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



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03/31/2005

**Gavin Newsom
MAYOR****MINUTES****REGULAR MEETING****Tuesday, March 8, 2005
1:30 P.M.****City Hall, Room 400
Dr. Carlton B. Goodlett Place****COMMISSIONERS**

The Honorable Richard Sklar, President
 The Honorable Ann Moller Caen, Vice President
 The Honorable E. Dennis Normandy
 The Honorable Adam Werbach
 The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
 Hetch Hetchy Water & Power
 Wastewater Program
 Water Pollution Control

BUREAUS

Customer Service
 Environmental Regulation & Management
 Financial Services
 Human Resource Services
 Information Technology Services
 Infrastructure Division
 Real Estate Services
 Strategic & Systems Planning
 Water Quality

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ORDER OF BUSINESS:

1. Call to Order: 1:34 P.M.

2. Roll Call: Present – President Richard Sklar, Vice President Ann Moller Caen, Commissioner Adam Werbach, Commissioner Ryan L. Brooks

Excused – Commissioner E. Dennis Normandy

3. Approval of Minutes

Moved by Commissioner Brooks, seconded by Commissioner Werbach, to adopt the Minutes of the February 8, 2005, Regular Meeting; the February 18, 2005, Special Meeting; and the February 22, 2005, Regular Meeting; passed (4-0) unanimously.

4. Public Comments

Ms. Jenna Olsen, Bay Area Water Stewards (BAWS) and Tuolumne River Trust (TRT), submitted a letter from eight environmental organizations regarding the Water System Improvement Program (WSIP) program description and informed the Commission that an unclear communication led the organizations to believe the Commission would be taking final action on the program goals description at the meeting. She allowed that although the WSIP document was already sent to the City Planning Department (CPD), the organizations still wanted the Commission to hear their concerns. She stated her colleagues planned to address issues regarding protecting the Tuolumne River, stewardship, planning, and cooperation. She relayed their concerns about SFPUC taking more water out of the Tuolumne River than the amount taken out at present and expressed fear that while the WSIP document says nothing about taking more water out of the Tuolumne River, individual Commissioner's have indicated their support of not taking more water out, the document did not address the issue of taking more water out of the Tuolumne River. She continued the WSIP proposes several projects that expand the capacity of the water system.

Ms. Heather Dempsey, TRT, stated TRT was pleased the WSIP program description included stewardship and that it would be integrated into all SFPUC activities. She requested, on behalf of TRT, that SFPUC adopt specific levels of service for stewardship similar to the levels of service adopted for the other SFPUC goals. She asked the SFPUC to create a watershed environmental improvement program as part of the WSIP so that such projects would be eligible for bond funding.

Ms. Jennifer Clary, BAWS and Clean Water Action (CWA), emphasized the importance of cooperation in working with the region and stated her concern that the WSIP was moving ahead

without finalized numbers. She suggested SFPUC mitigate the costs with public funding by partnering with other water systems to carry out joint improvements.

Mr. Francisco da Costa, Environmental Justice Advocacy, requested the Commission conduct outreach with the Miwok Indians. He also asked the Commission to study the pollution and PM-10's emitted from the Southeast Treatment Plant and how the secondary effluents affect the Bay near Pier 80.

Ms. Cathleen Sullivan, Sierra Club – San Francisco Bay Chapter, expressed reservation about expanded capacity, noting this would not increase water reliability. She stated the Sierra Club was requesting diversification of water sources through water efficiency and conservation efforts and they had concerns that many of the WSIP projects would negatively affect the wild areas. She urged the Commission to make stewardship a top priority as the program progressed.

Ms. Eugenia Payne, San Francisco resident (Haight), stated she was concerned that the WSIP would divert water from the Tuolumne River and cause harm to critical wildlife in the area.

Ms. Yvette Simpson, San Francisco resident (Sunset), asked the Commission to lead the State and nation in implementing a more sustainable water system while containing sprawl by increasing utilization of water conservation and efficiency methods. She stated, as a senior citizen, she was concerned about higher water and sewage bills as a result of the retrofit.

Mr. Mark Young, San Francisco resident (Bernal Heights), stated his unhappiness with the rising costs of the WSIP and the potential for overbuilding to expand capacity and the costs incurred therein. He asked the Commission to adopt goals that limit the scope to what was truly necessary to maintain water reliability and efficiency. He encouraged the Commission to have goals that focus more on conservation and water use efficiency.

Ms. Espanola Jackson, Environmental Justice Advocacy, reminded the Commission she came before them at the February 22, 2005, regular meeting to address the combustion turbines and resulting fossil fuel use; and at that time, asked the Commission to rescind a motion made at the February 18, 2005, special meeting regarding the turbines.

Ms. Rebecca Evans, Sierra Club – San Francisco Chapter Chair, stated the Sierra Club was asking the Commission to cap the diversion of water to the current 230 mgd in order to protect fisheries and downstream recreational uses. She continued it was important for the Commission to limit construction to seismic

reliability and not promote expansion within communities of the SFPUC service area.

5. Communications

There was no discussion.

6. Old/Ongoing Business by Commissioners

President Sklar asked for a plan for Commercial and Residential Water Conservation Incentives and Penalties so as to enhance conservation. Ms. Susan Leal, General Manager of Public Utilities, replied the report would be ready for the March 22, 2005, meeting.

Vice President Caen addressed the WSIP and increase of \$717 million for the program. She put forth seven points to consider at a later date. President Sklar asked that these points not be paraphrased and the specific language be recorded in the minutes. Vice President Caen continued and asked the following: (1) What was the status of the review by the City Planning Department? (2) What was the status of the 30-day noticing requirement for the wholesale customers? (3) In trying to meet the goals the Commission set forth at the end of the WSIP workshops, the WSIP increased by \$717 million. These goals should be revisited. (4) Regarding a comment by Mr. Tony Irons, Deputy General Manager of Capital Projects, about the feasibility of the Bay Division Pipeline Project (cost \$230 million) staying intact through the Programmatic Environmental Impact Review (PEIR) process, Vice President Caen asked how the Commission would know if the alternatives could survive the PEIR if it was not presented? (5) Provide a breakdown of the costs and appropriateness of the PEIR (cost \$145 million). (6) Explain which projects were changed in scope because of recent Commission direction (\$53 million)? She noted that in the matrix, the lesser options were taken which should have meant less money. (7) Remarking on the number of members of the Board of Supervisors who approached her about the \$717 million increase in the WSIP, she requested more discussion.

Mr. Irons proposed having a WSIP workshop to bring the Commission up-to-date on the project and address Vice President Caen's questions.

Commissioner Brooks asked for a one-page paper explaining the \$717 million, noting questions were being asked if the cost increase was the result of a cost overrun, a change in scope, or because of unplanned projects. Ms. Leal responded that such a paper did exist and was distributed to the Board of Supervisors. She stated she would distribute copies to the Commissioners.

7. Introduction of New Business by Commissioners

Vice President Caen requested the status of all the discussions with the Mayor's Office and the Controller's Office for being reimbursed for the cost of supplying power to City departments. She remarked she received a fax from the Office of Supervisor Chris Daly regarding the same topic. She asked Ms. Vicki Clayton, SFPUC General Counsel, for her opinion on how the Board resolution would interact with the talks with the Mayor's Office and the Controller's Office. Ms. Clayton responded she would reply once she saw a copy of the resolution in question.

President Sklar stated it was time to look seriously at the rates charged to profit-making institutions and to pure General Fund operations. He noted there were varying types of customers. He remarked it was appropriate to charge full commercial rates for electricity if the revenue was generated from investors, customers, visitors, or patrons of institutions such as Candlestick Park or Moscone Center. He felt it inappropriate to subsidize the 49ers owners or luxury box or seat holders.

Commissioner Werbach asked for a report for the March 22, 2005, meeting regarding how the SFPUC communicated with ratepayers. He noted the Public Hearing notices sent to customers were not well thought out. He also reiterated his past request for obtaining a baseline of customer service performance.

8. Commission Business

There was no discussion.

9. Report of the General Manager

President Sklar asked for a change in the order of the agenda and requested that Items 20 and 21 be moved to the end of the agenda with Item 9 (c) and that Item 9 (a) be heard with Item 12.

a) As-Needed Contracts Report

c) Combustion Turbine Update

Ms. Leal continued with the General Manager's Report in order.

b) Fremont Valve House Visuals

President Sklar remarked that the Commission asked for visuals near the Fremont Valve House and he believed that the decision had already been made on location, but the Commissioners wanted to see physically what was agreed to. Mr. Irons brought forth a display of enlarged drawings illustrating the size and impact of the valve house. The Commissioners left the dais to review the drawings.

Public Comment:

Ms. Mary Anne Salzman, Fremont resident, asked the Commission to reconsider the siting for the Fremont Valve House because it was a locked-in site, with too few exits, and would not meet the realities of accessibility in the event of a disaster.

Mr. Randhir Judge, Fremont resident, stated he was flabbergasted the SFPUC would choose a smaller site at a cost of \$1 million more. He noted the original site was on a main road and the Fremont Fire Marshal said it was much more accessible.

Ms. Sueann Hong, Fremont resident, stated the visual impact at the Cayuga site was horrendous and sat directly on the fences of at least eight homes. She further stated that existing case law emphasized the importance of setbacks, noting the Cayuga site had narrow setbacks of less than 5 feet and the Tissiack location had a setback of at least 20 feet.

Ms. Helga Hussong, Fremont resident, complained about the noise level that would occur during the construction period. She stated her husband has cancer and cannot sleep at night. She informed the Commission she recently renovated her swimming pool and was concerned about the dust level and how it would affect her allergies.

Mr. Wayne Mara, Fremont resident, stated he lived between the two sites that were considered and was familiar enough with them to have firsthand knowledge that the Cayuga site had a tight road which was not practical for a valve house.

Commissioner Brooks asked if SFPUC staff addressed the safety issues. Mr. Irons replied the Tissiack and Cayuga sites were both in compliance with the City of Fremont's Emergency Operation Plan.

President Sklar asked if the residents bordering the property were aware they were purchasing property adjacent to a right of way. One of the Fremont residents responded they were suing their realtor and a title search did not disclose this information.

Ms. Leal noted there was no action to be taken and continued with the General Managers Report.

d) Treasure Island/Yerba Buena Island Report (TI/YBI)

Ms. Barbara Hale, Assistant General Manager of Power, and Mr. Sam Larano, Manager of Redevelopment Projects, availed themselves for questions by the Commission. President Sklar stated the report described an unpleasant situation where ownership, responsibility, and needs were mixed and unclear and would fall on the SFPUC and the ratepayers. He reiterated concerns from Commissioner Brooks

that there were major concerns regarding toxic materials and cost of disposal, crumbling infrastructure, and unclear information about the private developer who could profit at the expense of the ratepayers. Ms. Hale responded staff was working on a comprehensive written agreement on operations for TI/YBI and was working within a City multi-department working group consisting of the Mayor's Office of Economic and Workforce Development and the Treasure Island Development Authority (TIDA) to discuss the conveyance and to develop ways and a means to increase utility revenues and reduce costs. She stated TIDA was preparing to be part of a more formal development agreement and that once an agreement was entered into, a better understanding of the developer's responsibilities, costs, services, and infrastructure improvements would arise. President Sklar asked if SFPUC was being compensated in full for the costs incurred. Ms. Hale replied in the affirmative and stated pending bills amounted to about \$3 million. Mr. Larano explained the amount owed fluctuated year by year and ranged between \$800,000 to \$1 million per year. President Sklar expressed concern about how the out-of-pocket costs and lack of payment would result in higher rates for SFPUC ratepayers. Commissioner Brooks remarked the SFPUC could charge the appropriate rates, but the Mayor's Office would still take them away. Ms. Hale pointed out there were different types of customers at Treasure Island and there were customers who were charged rates that were below the SFPUC's cost of service. She further stated that TIDA set the rates charged at TI and had notified the U.S. Department of Labor and the U.S. Coast Guard that their 15 percent discount would be removed as soon as possible. She explained removing the discount would result in about \$200,000 more in revenue annually. President Sklar asked staff to provide a report for the March 22, 2005, meeting that would list SFPUC income from TI/YBI, expenses from the operating side, outlay from the capital side, and total out-of-pocket charges from the last three or four years. Commissioner Brooks asked that projections for two to three years should also be in the report, including as-needed capital improvements.

e) Wastewater/Alemany Update

Ms. Leal asked the Commission to clarify direction on the Wastewater/Alemany project that was presented at the March 8, 2005, meeting. She explained the two options were: (1) Move ahead with the \$63 million Alemany project or (2) Proceed with a much smaller project that would help relieve, but not fully solve the flooding problem. She noted the latter option cost \$2 million, was a lesser mitigation, but yielded quicker results. She stated Option (1) was more appropriate as part of the Wastewater Master Plan and would be included in it, and Option (2) would proceed in the North Cayuga area. President Sklar stated he supported this decision.

f) Rate Structure Changes Update

Mr. Eric Sandler, Acting Finance Manager, reviewed the previous years rate activities and the direction given by the Commission on how to structure rates for FY 2005-2006, including: (1) implementing a capacity fee for new development, (2) expand affordability programs for low-income customers, (3) develop a conservation rate structure, and (4) improve the quality of public outreach. He reported on the work done by the Rate Fairness Board (RFB) in the last nine months, noting the RFB worked to articulate key values of the rate package, evaluated staff developed proposals, and worked with key City agencies where appropriate (e.g., the Mayor's office of Housing for the development of low-income multi-family rates). He described the outreach work conducted through community groups and the communications sent to the ratepayers. Mr. Sandler summarized a proposal would appear before the Commission at the March 22, 2005, Public Hearing and was a two-year proposal for water and sewer rates and would impact the median household with an increase of about 6 percent.

Commissioner Werbach asked about the timeline of the rate restructuring and asked if it would have a breakdown of the conservation and low-income program so its effect could be analyzed. President Sklar asked staff to return to the Commission with a chart showing the rate increases over the past 20 years for water and wastewater year-by-year and then the average increase per year on the same chart. Commissioner Werbach remarked the Commission met three times last year before passing the sewer rate increase and suggested that as many questions be asked soon so that answers could be forthcoming before the Public Hearing.

President Sklar asked the Commissioners to forward any questions regarding the proposed rate restructure through the General Manager's Office.

Public Comment:

Ms. Jennifer Clary, SFPUC Citizens Advisory Committee (CAC) member, reported SFPUC staff presented the rate structure proposal to the CAC and asked that staff provide the Commission with an overview of what public input was provided.

Mr. Tony Winnicker, Communications Manager, gave a brief overview of how the public would be informed on the new rate structure. President Sklar asked the General Manager to keep the agenda light on March 22, 2005, to allow for ample time for the public hearing.

President Sklar asked that the Consent Calendar items, Items 10 (a and b) be heard with Item 12. With the concurrence of the other Commissioners, President Sklar resumed with Item 11 and handed the gavel to Vice President Caen, as he was presenting on the item.

REGULAR BUSINESS

11. Discussion and possible action related to adopting a Code of Conduct. (Continued from the meeting of February 22, 2005) President Sklar reviewed the revised resolution which was rewritten after considering the following three concerns from the Commissioners: (1) The Code of Conduct be recognized as an extension or amplification of the City Charter Administrative Codes and state law and stated as such; (2) Support for the Code of Conduct should not imply that this or any prior Commission had acted in any way that was inconsistent with this, and (3) The reporting requirements be viewed as a voluntary activity and inadvertent errors not be reason for punishment or disparagement. He reported the City Attorney inserted the appropriate language in the resolution for (1) and (3), but was not able to do this for (2) because it was not possible to make a statement on past behavior without examining Commission records for the past 50 years. Moved by Commissioner Werbach, seconded by Vice President Caen, to adopt the resolution. Commissioner Brooks asked that the resolution be amended to include disclosure of any relationship a Commissioner knowingly might have with a consultant selection panel member.

Public Comment:

Mr. Emeric Kalman, San Francisco resident, asked what norms the SFPUC is using when awarding professional service contracts.

Moved by Commissioner Brooks, seconded by Commissioner Caen, to adopt the following resolution as amended; passed (4-0) unanimously. Resolution No. 0030: Adopt a Code of Conduct governing Commissioners, SFPUC staff, and selection committee members and their behavior regarding the awarding of contracts.

The Commission recessed at 3:13 P.M.

The Commission resumed meeting at 3:23 P.M.

12. Discussion and possible action related to appropriation for Water System Improvement Program (WSIP).

Mr. Irons reported staff worked with the Commission and stakeholders to produce a document for the WSIP that was forwarded to the City Planning Department to begin the CEQA process. He continued staff had been diligently working on a sister copy of a description of what the cost and schedule actually were and what all the components of these were. He stated there were 20 line items that pertain to all of the costs of the program – each detailed in text as to how it was arrived at, what the basis of consideration was, and how it worked into the overall cost of the program. He suggested the Commission have a workshop to allow staff to present this information and obtain feedback and direction

from the Commission. It was agreed that a workshop would be held on March 22, 2005, at 11 A.M. in City Hall.

President Sklar asked that Item 12 be continued to the meeting of March 22, 2005. Ms. Clayton advised that the item be continued as a discussion item in the workshop and continued as an action item for the afternoon meeting.

Staff Recommendation: Authorize appropriation of \$153,981,000 from the 2002 Proposition A Bond Fund for projects in the Water System Improvement Program. This appropriation will be incorporated in the SFPUC FY 2005-2006 Capital Project Budget request approved by the Commission on February 18, 2005.

9. Report of the General Manager

a) As-Needed Contracts Report

Mr. Irons stated he was an impassioned advocate of as-needed contracts because they filled in necessary voids that occur throughout the process of securing other contracts. He noted there were three basic categories: (1) infrastructure as-needed contracts, (2) operations as-needed contracts, and (3) environmental services as-needed contracts. Mr. Irons suggested staff come before the Commission every three months, as part of a rolling six-quarter program, to report on the as-needed contracts issued and the contracts expected to be issued and for what specific purposes. Commissioner Brooks questioned why the Commission was not moving forward with as-needed contracts as they were clearly needed, and as a result, has moved back the schedule because SFPUC lacked the capability provided by the as-needed contracts. President Sklar replied he did not have a problem with as-needed contracts in the context of an overall management program for design and engineering. He stated his interest was in seeing the contracts as they related to the entire program of utilization of internal staff, the prime consultant, and sub-consultants. Commissioner Werbach asked if there was any urgency on passing any of the as-needed contracts before the March 22, 2005, meeting. Mr. Irons replied in the negative. He informed the Commission the Request for Proposals takes four months from advertising to award, or six months from writing to award. President Sklar asked Mr. Irons to work with staff to compress the timeline to four and a half months.

Public Comment:

Mr. Kalman stated he thought the WSIP was out of control, wasting money, and chewing up paper. He recommended hiring professional help to get the job done.

Ms. Olsen recommended that the workshop and the \$153 million appropriation be presented relative to the goals and levels of service adopted by the Commission at the WSIP workshops. She expressed her concern that designs were being done piecemeal and not in context with the total program. Mr. Irons responded the \$153 million was composed of pieces from a number of projects.

CONSENT CALENDAR

10. Moved by Commissioner Werbach, seconded by Brooks, to adopt the items (a and b) listed under the Consent Calendar; passed (4-0) unanimously.

a) Resolution No. 05-0031: Award Agreement No. CS-772A, Environmental Services, San Andreas Pipeline No. 3 Installation, to Tetra Tech, Inc./Water Resources Engineering, Inc. Joint Venture; to provide specialized environmental analysis services in two phases for an amount not to exceed \$425,000, and with a duration of 36 months; and authorize the General Manager of Public Utilities to execute said agreement and commence work on Phase I and require the General Manager to return to the Commission for approval to commence work on Phase II.

b) Resolution No. 05-0032: Award Agreement No. CS-772B, Environmental Services, Crystal Springs Pipeline No. 2 Replacement, to Ecology and Environment, Inc./Ward Planning & Environmental LLC/BMS Design Group Joint Venture; to provide specialized environmental analysis services in two phases for an amount not to exceed \$425,000, and with a duration of 36 months; and authorize the General Manager of Public Utilities to execute said agreement and commence work on Phase I and require the General Manager to return to the Commission for approval to commence work on Phase II.

President Sklar continued with the agenda in order.

13. Discussion and possible action related to Contract No. WD-2472, Ingoing Road Overlay Phase.

Moved by Vice President Caen, seconded by Commissioner Werbach, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0033: Approve transfer of \$350,000 from Project No. CUW232 – San Mateo Creek Impact Mitigation, to Project No. CUW228 – Watershed Roadway Program; and award Contract No. WD-2472 in the amount of \$869,200 to HSR Inc.

14. Discussion and possible action related to Contract No. DB-102A, Solar Photovoltaic Installation, Phase 1.

Moved by Commissioner Werbach, seconded by Vice President Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 0034: Award Contract No. DB-102A, a design-build agreement (DBA) for turnkey design and construction at four community sites to MC Solar, for an amount not to exceed \$100,000 over the life of the project; and authorize the General Manager of Public Utilities to request approval from the Board of Supervisors for this DBA, and negotiate and execute said agreement.

15. Discussion and possible action related to a broadband communication system.

Mr. Hans Loffeld, Information Technology Manager, reported the Mayor's Office and Board of Supervisors had expressed a great deal of interest in this proposal. He stated the proposal would accomplish four things: (1) Establish an inventory of city-owned facilities and assets that could be used for broadband communication, (2) Evaluate if these facilities could be used to support data communication needs and internal needs of the City departments, (3) Evaluate if these facilities could be used to profitably sell broadband services in the wholesale market, and (4) Evaluate if these facilities could be used to support retail level internet access.

Public Comment:

Ms. Sonia Arrison, Director of Studies at the Pacific Research Institute and San Francisco resident, stated the California Public Utilities Commission studied broadband deployment and found California to be a leader in the industry and San Francisco ranked as the number one market for wireless accessibility in the United States. She explained FCC data showed a high volume of accessibility to all San Francisco neighborhoods, thereby making San Francisco's efforts to deploy broadband a weak one. She gave the Commission Secretary a handout for the Commissioners.

Ms. Regina Costa, Utility Reform Network, refuted Ms. Arrison's information, stating that a zip code could have only one person with broadband to be counted in the research. She stated the current situation was bad for competition and the choices for broadband were limited. She urged the Commission to recommend funding for the feasibility study. In response to questions from the Commissioners, she stated the City's involvement in broadband could lower rates for consumers and that if the work occurred in tandem with repairing the sewer system, the most expensive aspects of constructing a broadband network would be considerably lower.

Mr. Nathan Nayman, Committee on Jobs, stated competition within the private sector led to the positive environment for broadband

within San Francisco and stated corporate shareholders should assume the risk of capital investment, not taxpayers. He explained that taxpayers should never assume risk. He stated San Francisco should create incentives for private deployment of technology rather than being a supplier of technology itself and felt it was foolhardy and irresponsible during budget cuts to fund a study in such a competitive field. He reported a recent poll conducted by David Binder Research revealed 70 percent of voters opposed San Francisco government entering the broadband field. He provided copies of the survey for the Commissioners.

Ms. Lisbet Sunshine, representing Mr. Lee Blitch of the San Francisco Chamber of Commerce, reminded the Commission the Chamber wholeheartedly supported Proposition A, the Water Bond measure, despite criticism from some of their members. She stated the Chamber was urging the Commission to concentrate on the major undertaking of rebuilding the water system and not venture into the expensive and high-risk business of communications. She reported telecommunications was one of the high-risk businesses and the field was littered with bankruptcies.

Mr. Frank Manibusan, Communications Workers of America, urged the Commission to release the funds for the feasibility study, believing that any competition in the cable industry was a plus.

Mr. Ralph Muehler, SFLAN.org – a community service project, stated broadband had stagnated in the Bay Area. He expressed surprise at some of the testimony presented, stating broadband was still not available in the Bay View and Hunters Point neighborhoods as recently as the day before the meeting. He reported eleven states outlawed municipal deployments in order to curtail competition.

Mr. Zane Blaney, Access SF, urged the Commission to fund the broadband feasibility study, stating there was insufficient incentive for carriers to modernize on their own and deliver technical progress to their customers.

Mr. Tomas Lee, Office of Supervisor Tom Ammiano, provided a history of the feasibility study and stated it was time for San Francisco to join other cities such as New York, Los Angeles, and Salt Lake City to deploy broadband. He reported Salt Lake City had created a telecommunications infrastructure that competitively leased the city's broadband infrastructure and provided revenue to the city's General Fund.

President Sklar stated he was in favor of proceeding with the study. Commissioner Brooks asked to see the Request for Proposals (RFP) before it was released. President Sklar asked the Commissioners to forward to the General Manager any ideas to make the RFP more acceptable.

Moved by Commissioner Werbach, seconded by Vice President Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0035: Urge the Board of Supervisors to release the reserved funds in the amount of \$300,000 for a feasibility study of a City broadband communication system.

16. Discussion and possible action related to Letter of Credit for the commercial paper program.

Moved by Commissioner Werbach, seconded by Commissioner Brooks, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0036: Urge the Board of Supervisors to approve the substitution of the letter of credit for the commercial paper program, approve the Letter of Credit and Reimbursement Agreement with Bank of America N.A., and approve the form of the Offering Memorandum.

REAL PROPERTY TRANSACTIONS

17. Discussion and possible action related to a revocable permit with the City of Milpitas. (Continued from the meeting of February 22, 2005)

Mr. Gary Dowd, Real Estate Services Manager, stated the resolution needed to be amended to include language about allowing a nonprofit agency or public agency to use the land for less than market rates as stipulated by new legislation passed by the Board of Supervisors.

Commissioner Werbach asked Mr. Dowd to provide a policy sheet regarding right-of-ways. Mr. Dowd replied this already existed in the Real Estate Book and would forward it to the Commissioners.

Moved by Commissioner Brooks, seconded by Commissioner Werbach, to adopt the following resolution as amended; passed (4-0) unanimously.

Resolution No. 05-0037: Authorize the General Manager of Public Utilities to execute a revocable permit with the City of Milpitas to use approximately five acres of SFPUC land (portion of Bay Division Pipeline Nos. 3 and 4 right of way owned in fee) located near Abel and South Main Streets in Milpitas, CA for public parks and recreational uses for a new housing and commercial development near the Elmwood Rehabilitation Center known as Terra Serena.

18. Discussion and possible action related to access in Lincoln Park for a replacement pump station and a replacement tank.

Moved by Commissioner Brooks, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0038: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the San Francisco Recreation and Park Commission to allow the San Francisco Public Utilities Commission access to the southern slope of Lincoln Park to construct, install, operate, repair, and maintain a Replacement Pump Station and a Replacement Tank in Lincoln Park.

CONSTRUCTION CONTRACTS

Award

19. Discussion and possible action related to Contract No. WD-2397, Sunset Reservoir North Basin – Embankment Stabilization.

Moved by Vice President Caen, seconded by Commissioner Brooks, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0039: Award Contract No. WD-2397, in the amount of \$6,799,376, to Gordon N. Ball / Yerba Buena Engineering & Construction, Inc., for a term of 425 consecutive calendar days.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.

There were none.

23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Brooks, seconded by Vice President Caen, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 4:35 P.M. to discuss the following matters:

24. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code Section 67.10(a). (Continued from the meetings of February 8 and 22, 2005)

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

There was no discussion.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a) and Administrative Code Section 67.10(d):
(Continued from the meetings of February 8 and 22, 2005)

Present were President Sklar, Vice President Caen, Commissioner Werbach, Commissioner Brooks, General Manager Leal, SFPUC Legal Counsel Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Brooks, seconded by Commissioner Werbach to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Paul McAleese Claim No. 05-01487

Resolution No. 05-0040

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a) and Administrative Code Section 67.10(d):

Present were President Sklar, Vice President Caen, Commissioner Werbach, Commissioner Brooks, General Manager Leal, SFPUC Legal Counsel Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Brooks, seconded by Commissioner Werbach to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Paul Boschetti

Claim No. 05-00405

Resolution No. 05-0041

Following the Closed Session, the Commission reconvened in Open Session at 4:40 P.M.

27. Announcement following Closed Session.

President Sklar announced the actions taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Brooks, seconded by Vice President Caen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

The Commission continued with the remainder of the agenda.

PROFESSIONAL SERVICE CONTRACTS**Amend**

20. Discussion and possible action related to amending Agreement No. CS-724, Architect-Engineering Services, San Francisco Electrical Reliability.

Ms. Hale provided basic background and a policy overview of the combustion turbine power project for Items 20, 21 and 9 (c), then availed herself and Ms. Karen Kubick, Project Manager, for questions from the Commission. Ms. Kubick stated building the Jefferson Martin line would close the Hunters Point Power Plant, but construction of the Combustion Turbine Project would allow for the removal of the Reliability Must Run (RMR) contract for the Potrero Hill Power Plant. She reported the plants were not cost efficient, but would have lower emissions than the current plants.

President Sklar remarked the Commission was being asked to approve requests for a 200 percent increase on Item 20 and a 150 percent increase on Item 21 without knowing what the total project cost or return was going to be. He noted he expected another \$8 million request soon, plus another \$170 million before the projects were finished. He stated the Commission would need to take a tough look at the project before making the final commitment. President Sklar further stated that SFPUC best recognize that the installation of the combustion turbines was a necessary and perhaps optimal solution to the problem of closing the existing power plants, but hardly ideal.

Ms. Kubick and Ms. Hale emphasized that they would be back before the Commission with additional information about the cost of the project, the power purchase agreement, cost sharing with California Department of Water Resources (CDWR), and the schedule. Ms. Kubick reported that although the City was planning to finance the project, the revenue for the bonds would be from the sale of power. She stated agreement on cost sharing would be developed between the City and CDWR and the timing of the amendment was necessary to support the environmental review process. The Power Plant Task Force was expected to endorse this project March 24, 2005, at their monthly meeting.

Commissioner Werbach stated he planned to vote against Items 20 and 21 to reflect the Commission's mixed feelings, but expected them to pass.

Moved by Vice President Caen, seconded by Commissioner Brooks, to adopt the following resolution; passed (3-1 Werbach).

Resolution No. 05-0042: Approve Amendment No. 1 to Agreement

No. CS-724, with PB Power Inc., to provide specialized consulting and power plant engineering and oversight and authorize the General Manager of Public Utilities to execute said amendment, increasing the agreement by \$2,970,758, for a total amount of \$3,720,758, and with a time extension of 730 consecutive calendar days, for a total duration of 1,825 consecutive calendar days.

21. Discussion and possible action related to amending Agreement No. CS-725, Environmental Services, San Francisco Electrical Reliability.

Moved by Vice President Caen, seconded by Commissioner Brooks, to adopt the following resolution; passed (3-1 Werbach).

Resolution No. 05-0043: Approve Amendment No. 1 to Agreement No. CS-725 with CH2MHill, to provide specialized environmental, consulting and power plant licensing services; and authorize the General Manager of Public Utilities to execute said amendment increasing the agreement by \$1,735,100, for a total amount of \$3,235,100, with no time extension.

There being no further business to discuss, the meeting was adjourned at 5:21 P.M.

Mary Y. Jung
Secretary

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

DOCUMENTS DEPT.

MAR 18 2005

AGENDA
SPECIAL MEETING

Tuesday, March 22, 2005
11:00 A.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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05-18-05 A10-51 PENV

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Program
Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY





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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.



ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

Water System Improvement Program Workshop

- I. Introduction
- II. Water System Improvement Program
 - a. Budget: History
 - b. Spending Projections for Fiscal Year 2005-06
 - c. Cost Estimates and Schedule Basis and Assumptions
 - d. Regional Team Structure and Work Plan
- III. Discussion and Feedback

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





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3/22/05 Minutes of the Special Meeting of the SF Public Utilities Commission

05/06/2005

Gavin Newsom
MAYOR

MINUTES

SPECIAL MEETING

Tuesday, March 22, 2005

11:00 A.M.

City Hall, Room 400

Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

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City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 11:00 A.M.

2. Roll Call Present – President Richard Sklar, Vice President Ann Moller Caen, and Commissioner E. Dennis Normandy. Commissioner Adam Werbach and Commissioner Ryan Brooks were expected to arrive later in the morning.

3. Public Comments

Mr. Steven Lawrence, SFPUC Citizens Advisory Committee (CAC) member, announced he recently resigned as Chair of the Water Subcommittee (WS) of the CAC because he was unable to control the agenda for two WS meetings in a row. He stated he found this shocking that he did not have input into the agenda. He referenced a letter he presented to the Commission earlier and remarked previous complaints to the General Manager went unanswered. Ms. Susan Leal, General Manager of Public Utilities, stated Mr. Tony Winnicker, Director of Communications, replied to the complaint two days after it was initially received and reported the agenda was controlled by many people, including the CAC Chair, SFPUC staff, City Attorney, and other WS members and there was a difference in opinion on what should appear on the agenda.

Mr. Francisco da Costa, Environmental Justice Advocacy, stated Mr. Lawrence's remarks were always thoughtful and showed knowledge of the SFPUC, but felt the CAC meetings were not useful. He noted that none of the CAC members attended the Water System Improvement Program (WSIP) workshops. He asked the Commission to request quarterly status reports on the status of the 900 miles of sewer lines and thousands of miles of clean drinking pipes and post them on the web.

Mr. Edmund Jew, Sewer Water Efficiency Affordability Plan, stated he opposed the 13 percent sewer rate increase last year. He presented a stack of signed petitions advocating against this year's proposal and said it should be added to the 13,000 signatures turned in the previous year. He reminded the Commission that Commissioner Werbach asked for an accountability and efficiency report that still was not available. He stated the new proposals were not fair to large, minority and working families and asked the Commission to table the rate proposals and meet with the community to work out a fair increase or concerned San Franciscan's might feel a need to put a measure on the ballot aimed at freezing water and sewer rates.

Water System Improvement Program Workshop

I. Introduction

II. Water System Improvement Program

- a. Budget: History
- b. Spending Projections for Fiscal Year 2005-06
- c. Cost Estimates and Schedule Basis and Assumptions
- d. Regional Team Structure and Work Plan

III. Discussion and Feedback

Ms. Leal stated the purpose of the Workshop was to review the WSIP against some of the assumptions, including assumptions about cost.

Commissioner Brooks arrived at 11:12 A.M.

President Sklar stated the Workshop would study a \$153 million proposal that would impact a series of WSIP activities. He recalled a conversation he had with Ms. Leal; Mr. Tony Irons, Deputy Director of Capital Programs; and Mr. Dean Macris, City Planning Department (CPD) Acting Director; where three positive agreements were reached regarding the Programmatic Environmental Impact Review (PEIR).

1. The CPD, working with SFPUC staff, would develop a schedule and budget for the PEIR in order to track its progress.
2. The staff of the CPD and SFPUC would work with the environmental consultant to identify those projects that fit into the project EIR context to allow the acceleration of those projects.
3. SFPUC be allowed to proceed with design work on individual projects parallel with the PEIR, allowing projects to be accelerated dramatically in instances where the submitted projects were correct.

Commissioner Werbach arrived at 11:21 A.M.

Mr. Irons proceeded with a PowerPoint presentation, stating the two goals for the Workshop were to: (1) Describe in detail the methodology used for putting together the costs that form the basis of the WSIP and (2) Provide sufficient explanation and detail to allow the Commission to approve a \$153 million appropriation request. Mr. Irons relayed the Program Description for WSIP was at CPD and the PEIR had begun.

Mr. Irons' presentation addressed the following:

- (1) 2005 cost and schedule basis,
- (2) The reconciliation of monies between the 2002 and 2005

budgets,
(3) FY 2005-06 budget request and
(4) Description of the organizational model.

Mr. Irons spent a considerable amount of time reviewing Table 5, WSIP Cost Breakdown (By Level of Service Objectives). The chart listed the local and regional projects and provided total construction costs and program delivery costs. The total construction costs were itemized according to construction cost estimates, construction cost escalation, base bid construction budget, construction phase contingency, environmental mitigation cost and Art Commission fees. The program delivery cost was itemized with information on land and right-of-way acquisition costs, management costs (program and project), pre-design planning, environmental planning and review cost, engineering design fees, construction management and contract administration costs, and department and agency fees.

Mr. Irons finished his presentation with a discussion about the \$153 million supplement appearing on the afternoon calendar, explaining this needed to be in the FY 2005-06 budget and go before the Board of Supervisors. Vice President Caen stated the allocation of the \$153 million was ready to be voted upon as the Commission had already approved the listed projects.

President Sklar announced a break and stated Public Comment on this item would be heard in the afternoon session. He stated that half of the \$153 was related to construction and did not need to be reviewed; however, he further stated that the other half could be reviewed, those in pre-phase and especially the controversial projects.

Ms. Jenna Olsen, Tuolumne River Trust, distributed a letter to the Commissioners and stated she would provide public comment in the afternoon session.

There being no further business to discuss, the meeting recessed at 1:16 P.M. and the discussion on the WSIP would continue after the Public Hearing on the wastewater and sewer rates.

Mary Y. Jung
Secretary





SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554-3488



Agenda

NOTICE OF PUBLIC HEARING TO CONSIDER REVISED SCHEDULES OF SEWER SERVICE CHARGES TO BE CHARGED BY THE SAN FRANCISCO WASTE WATER / CLEAN WATER ENTERPRISE AND TO CONSIDER REVISED SCHEDULES OF WATER RATES AND CHARGES TO BE CHARGED BY THE SAN FRANCISCO WATER ENTERPRISE

GAVIN NEWSOM
MAYOR

RICHARD SKLAR
PRESIDENT

ANN MOLLER CAEN
VICE PRESIDENT

E. DENNIS NORMANDY
ADAM WERBACH
RYAN L. BROOKS

SUSAN LEAL
GENERAL MANAGER

Notice is hereby given that the Public Utilities Commission of the City and County of San Francisco will conduct a public hearing on Tuesday, March 22, 2005, at 1:30 p.m. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California to consider the following:

- Adoption of a revised Schedule of Sewer Service Charges for the San Francisco Waste Water / Clean Water Enterprise; and to consider adoption of miscellaneous fees and charges for various services provided by the San Francisco Waste Water / Clean Water Enterprise.
- Adoption of revised Schedules of Water Rates and Charges for the San Francisco Water Enterprise to its retail and wholesale customers including municipal accounts; and to consider adoption of miscellaneous fees and charges for various permits and services provided by the San Francisco Water Enterprise.

Copies of the proposals will be available for review beginning March 11, 2005, at 1155 Market Street, 11th Floor, San Francisco, California.

All interested parties are invited to attend the public hearing and present their views. Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.

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Mary Y. Jung
Secretary

FEB 18 2005

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**SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

Gavin Newsom
MAYOR

AGENDA
REGULAR MEETING

Tuesday, March 22, 2005
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Program
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BUREAUS

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Infrastructure Division
Real Estate Services
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Water Quality

Susan Leal
GENERAL MANAGER

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.



ORDER OF BUSINESS:

1. Call to Order
2. Roll Call

PUBLIC HEARING

Public Hearing to consider revised Schedules of Sewer Service Charges to be charged by the San Francisco Wastewater/Clean Water Enterprise and to consider revised Schedules of Water Rates and Charges to be charged by the San Francisco Water Enterprise. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subjects of the hearings. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Leal)

3. Discussion and possible action related to revising the Schedules of Water Rates and Charges of the San Francisco Water Enterprise. (Sandler/Elias)

Staff Recommendation: Recommend to the Mayor's Office schedules of rates, fees and charges for retail water service in San Francisco and suburban areas to be effective with meter readings beginning July 1, 2005 and July 1, 2006.

4. Discussion and possible action related to revising the Schedules of Sewer Service Charges of the San Francisco Wastewater/Clean Water Enterprise. (Sandler/Elias)

Staff Recommendation: Adopt schedules of rates, fees and charges of the San Francisco Public Utilities Commission Wastewater Enterprise for sewer service in San Francisco to be effective with meter readings beginning July 1, 2005 and July 1, 2006.

5. Presentation and discussion related to the Rate Fairness Board's "Report on Water and Wastewater Service Rates" dated March 2005. (Brown/Ash)

Staff Recommendation: For discussion only.



6. Approval of Minutes

- a) Minutes of the March 8, 2005, Regular Meeting

7. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

8. Communications

9. Old/Ongoing Business by Commissioners

10. Introduction of New Business by Commissioners

11. Commission Business

12. Report of the General Manager

- a) Assembly Bill 1823 Update (Leal)
- b) Pacific Gas & Electric Company Bankruptcy Settlement (Hale)
- c) Community Choice Aggregation Plan (Hale/Casey)

13. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

- a) BAWSCA Update (Jensen)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.



CONSENT CALENDAR

14. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Award Contract No. CW-237, Larkin/Quincy Streets Sewer Replacement and Pavement Renovation, in the amount of \$214,000, to K.J. Woods Construction.

b) Staff Recommendation: Award retroactively Professional Services Agreement No. CS-794, Offshore Wave Feasibility Demonstration Project in California, to Electric Power Research Institute; to provide performance and cost evaluation services; and authorize the General Manager of Public Utilities to seek a retroactive sole source waiver and execute the agreement for an amount not to exceed \$30,000 and with a duration of three months.

c) Staff Recommendation: Reject all bids for Contract No. WD-2426, La Grande Tank Replacement, and authorize the General Manager of Public Utilities to re-advertise the contract as Contract No. WD-2426R, to receive and evaluate bids; and to return to the Commission with a recommendation for award.

d) Staff Recommendation: Reject all bids for Contract No. WD-2473, Forest Hill Concrete Tank Seismic Retrofit, and authorize the General Manager of Public Utilities to re-advertise the contract as Contract No. WD-2473R, to receive and evaluate bids; and to return to the Commission with a recommendation for award.

REGULAR BUSINESS

15. Discussion and possible action related to appropriation for Water System Improvement Program. (Irons) (Continued from the meeting of March 8, 2005)

Staff Recommendation: Authorize appropriation of \$153,981,000 from the 2002 Proposition A Bond Fund for projects in the Water System Improvement Program. This appropriation will be incorporated in the SFPUC FY 2005-2006 Capital Project Budget request approved by the Commission on February 18, 2005.



16. Discussion and possible action related to amending the Water Supply Contract with the California Water Service Company. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute the First Amendment of the Water Supply Contract with the California Water Service Company, Bear Gulch District Service Area, for the purpose of modifying the service area boundary and individual water supply guarantee to include the service area and quantity of water formerly held by the Los Trancos County Water District.

17. Discussion and possible action related to an agreement with Tuolumne County for essential services. (Laramendy)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an agreement with Tuolumne County for essential services, including sheriff, fire, and ambulance support services, for a period of five years.

18. Discussion and possible action related to a Letter Agreement with the Turlock Irrigation District. (Jurosek)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an amendment to extend the term of the September 28, 2004 Letter Agreement with Turlock Irrigation District to purchase and sell firm energy until implementation of an Amended and Restated Long Term Power Sales Agreement or April 15, 2005, whichever is earlier.

REAL PROPERTY TRANSACTIONS

19. Discussion and possible action related to the sale of property located in South San Francisco to the Urban Housing Group. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the direct sale of 207 square feet located at 1410 El Camino Real (portion of parcel number 010-292-260) in South San Francisco to the Urban Housing Group.



CONSTRUCTION CONTRACTS

20. Discussion and possible action related to terminating Contract No. WD-2349R, Thomas Shaft Water Supply Improvement. (Kelly)

Staff Recommendation: Terminate for convenience Contract No. WD-2349R, Thomas Shaft Water Supply Improvement, awarded to Proven Management in the amount of \$1,198,785; and authorize the General Manager of Public Utilities to re-advertise the contract, receive and evaluate bids, and to return to the Commission with a recommendation for award.

PROFESSIONAL SERVICE CONTRACTS

Amend

21. Discussion and possible action related to Agreement No. CS-672.D, Recycled Water Master Plan Update. (Carlin)

Staff Recommendation: Approve Amendment No. 3 to Agreement No. CS-672.D, Recycled Water Master Plan Update, dated March 21, 2005, with ESA + Orion, a joint venture, to provide a time extension of nine months, for a total agreement duration of 35 months, and authorize the General Manager of Public Utilities to execute this amendment. The amount of the agreement will not increase, and will remain at \$733,000.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.

23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:



24. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Clayton)

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A); San Francisco Administrative Code Section 67.10(d)(1): (Roddy/Margolis)

Existing Litigation: San Francisco Unified School District v. City & County of San Francisco; Superior Court, Case No. 436240

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1): (Mueller)

Existing Litigation: Pacific Gas & Electric Company v. City & County of San Francisco; Case No. 01-30923-DM
U.S. Bankruptcy Court, Northern District of California

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d)(2): (Mueller)

Anticipated Litigation: As plaintiff regarding certain claims against Pacific Gas & Electric Company.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554-3488



Agenda

ADDENDUM TO PUC AGENDA

GAVIN NEWSOM
MAYOR

RICHARD SKLAR
PRESIDENT

ANN MOLLER CAEN
VICE PRESIDENT

E. DENNIS NORMANDY
ADAM WERBACH
RYAN L. BROOKS

SUSAN LEAL
GENERAL MANAGER

Tuesday, March 22, 2005
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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CONSTRUCTION CONTRACTS

Closeout

30. Discussion and possible action related to Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications. (Kelly)

Staff Recommendation:

Accept work performed under Contract No. HH-902 and approve Modification No. 4 (Final), decreasing the contract amount by \$321,066.42, for a total contract amount of \$3,462,842.66, and with a time extension of 345 consecutive calendar days for a total contract duration of 559 consecutive calendar days; and authorize final payment of \$660,240 to A. Ruiz Construction.





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3/22/05 Minutes SF Public Utilities Commission

05/06/2005

Gavin Newsom
MAYOR

MINUTES**REGULAR MEETING**

Tuesday, March 22, 2005
1:30 P.M.

City Hall, Room 400
Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Search

Susan Leal
GENERAL MANAGER

Newsletter

Receive our newsletter every 14 days

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:33 P.M.

2. Roll Call: Present – President Richard Sklar, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Adam Werbach, Commissioner Ryan L. Brooks

President Sklar deferred public comment from the morning Water System Improvement Program (WSIP) Workshop until later in the agenda. He then took the agenda out of order and asked for Public Comment.

7. Public Comments

There was no public comment.

Commissioner Normandy asked that Mr. Steven Lawrence's remarks and complaint made in the morning session be addressed to remove any dysfunction there might be in the SFPUC's interaction with the Citizens Advisory Committee members. President Sklar directed Ms. Susan Leal, General Manager of Public Utilities, to work with Mr. Lawrence to resolve their differences. Ms. Leal agreed to do this.

PUBLIC HEARING

Public Hearing to consider revised Schedules of Sewer Service Charges to be charged by the San Francisco Wastewater/Clean Water Enterprise and to consider revised Schedules of Water Rates and Charges to be charged by the San Francisco Water Enterprise.

Ms. Leal opened the hearing by referring to the direction the Commissioners gave to SFPUC staff the previous year during the rate hearings. She relayed staff would address the following three items requested by the Commission: (1) A rate that reflected a differential for low-income households, (2) A rate which truly reflected a break for conservation, and (3) Institute a capacity fee for new buildings and homes that needed connection. She reported SFPUC staff presented at 40 separate community meetings in various neighborhoods throughout San Francisco and reached over 1,000 people through the meetings.

President Sklar announced Items 3, 4 and 5 would be heard together before a vote was taken.

Mr. Bram Elias, Administrative Analyst from the Finance Department, began his presentation with an overview of what was presented at the community meetings. He explained in detail how the water portion of the bill was calculated, the 1998 Rate Freeze, the 2002 Water Bond, and that staff and the Rate Fairness Board (RFB) were proposing a 15 percent rate increase for the next two years. Mr. Elias displayed a graph showing San Francisco's ranking

in regards to rates in fifteen metropolitan/county areas, noting how San Francisco was at the lower end of the chart and would most likely remain there, even given the rate increase, because the chart only reflected current rates charged to the cities listed.

Regarding the sewer rates, Mr. Elias relayed staff worked with the RFB to implement a capacity (connection) fee for new developments and to promote conservation. Mr. Elias explained that a capacity fee could not be made available on the water rates because of the 1998 Proposition H Rate Freeze and that capacity fees were considered a best practice in the industry and was in place in many cities and municipalities.

Mr. Elias described SFPUC's low-income assistance programs, including a new pilot program called "Plumbers to People," an in-kind benefit program which matched plumbers from the Plumber's Union with residents who wanted toilets and fixtures installed for conservation purposes, but could not afford the labor costs involved. He also described a current program called the "Community House Program" to try to lower sewer bills for organizations that worked with the Mayor's Office in trying to fight homelessness.

Mr. Elias explained how the sewer bill was calculated for ratepayers and how conservation could be promoted by making the first three units of sewer used inexpensive and subsequent units more expensive, at five units and above. He relayed this rate structure made projecting a percentage increase per household difficult because of the conservation incentive.

Commissioner Werbach commended staff for the conservation measures and asked if more were in the works. Mr. Elias replied staff was exploring an aggressive campaign to switch fixtures, public relations, and more discounts for later years.

Mr. Elias presented a graph comparing sewer rates among several counties and municipalities, and again, San Francisco was at the low end of the chart. He also explained the various pollutants generated by businesses and how that was measured and charged and described the business conservation measures, including installing spray valves in restaurants and replacing appliances in Laundromats. He stated the average increase for businesses and residents was about 13 percent.

Mr. Elias reviewed the Community Assistance Program (CAP) and stated outreach would need to be done to enroll people. He relayed SFPUC also conducted free on-site property inspections to

- (1) determine the amount of flow factor a residence used,
- (2) conduct conservation audits on fixtures and check for leaks, and

(3) provided rebates and giveaways on fixtures and appliances.

The Commissioners thanked Mr. Elias and staff for the clear presentation and asked for the presentation from the Rate Fairness Board (RFB).

Ms. Bobbrie Browne, Acting Chair of the RFB, provided a brief background of the work performed during the past nine months and stated she felt the proposal before the Commission was balanced and fair. She stated the RFP's report would emphasize areas that needed additional study and work. She introduced Mr. Howard Ash, a Member of the RFB, who presented on their report.

Mr. Ash reported the water rate increase was not in the RFB's purview and would not be until 2006. He also stated the RFB had no jurisdiction over the Wastewater Enterprise budget, which was where rates were developed from. He noted there was public misunderstanding about what the money was used for. He explained the public needed to be reminded that water was cheap because it came from nature and was clean, while sewage needed to be flushed and made safe enough to swim in.

He stated the RFB approved of the capacity fee, low-income discounts, and three-tiered residential rate structure, but was concerned that large families would have higher sewer bills. He relayed the RFB asked that billing for sewer service should be changed from water units to sewer units to ensure ease in studying proposals for sewer rates and for the ratepayers.

Mr. Ash reported the RFB differed with SFPUC staff on the current cost allocation between residential and nonresidential customers, noting that nonresidential customers were subsidizing residential customers. He stated SFPUC staff acknowledged the cross-subsidy and was willing to address this in 2007 or 2008, but the RFB would like this addressed sooner, noting they were not against the cross-subsidy, but merely wanted an open public discussion.

Mr. Ash stated he met with Commissioner Brooks and discussed a possible program of voluntary compliance by apartment owners and landlords and identified the possible problems associated with it.

Mr. Ash relayed the RFB was concerned that General Fund departments did not pay for water or paid different rates, similar to their power bills. He specifically pointed out the Presidio and Hunters Point Shipyard as two entities who were not paying their fair share. He asked staff to study fire and sprinkler charges to encourage conservation. He asked the Commission to urge the staff, Rent Board, City Attorney, Mayor's Office, and landlord and tenant organizations to prepare a white paper explaining the rate increases caused by the WSIP and pass-throughs to reduce confusion and

disagreement. He also suggested that staff consider alternate ways of financing the WSIP.

President Sklar thanked the RFB for performing such an important civic duty and asked Mr. Ash to remain at the meeting in the event he could answer questions from the Commission or the ratepayers. Mr. Ash agreed to this.

Public Comments:

Ms. Eva Skoufis, Laundromat owner, stated her customers were low-income people without washers and driers and would not receive the 35 percent discount because her customers would be going to her business which did not receive any discounts. She stated she would not pay the new rate until it was decided it was fair. She opined the Commission and the Board did not listen to their constituents.

Mr. Carl Kurka, Assistant Director for the Urban Water Council, commended the SFPUC staff and RFB for their work and spoke in support of the proposed rate structures, in particular, the conservation pricing structure designed to provide incentives for customers to reduce use.

Ms. Patricia Breslin, San Francisco Hotel Council, stated the Hotel Council regretted the "high user" member seat of the RFB was vacant for all the hearings and the last few months of deliberations. She stated the methodology used for higher prices for high users was adverse for the hotel and other industries. Ms. Breslin also raised the issue of accountability and asked that any excess build-up on revenues from the rate increases be set aside for future use for capital improvements or review whether a rate reduction would be appropriate.

Mr. Edmund Jew, Sewer Water Efficiency Affordability Plan, stated he opposed the sewer rate increase last year and also opposed the proposed rate structure before the Commission. He repeated his remarks from the morning Special Meeting, stating the new rates were not fair to large, minority, and working families and asked the Commission to table the rate proposals and meet with the community to work out a fair increase. He stated there was a move to place a measure on the ballot aimed at freezing water and sewer rates if the new rate structure passed.

Ms. Joan Girardot, Coalition for San Francisco Neighborhoods, stated they presented the Commission with three resolutions: (1) One resolution agreed with the sewer capacity fee and urged the Commission to charge the highest capacity fee that was legally defensible; (2) One resolution disagreed with the inclining block rate structure because it unfairly charged large families for using more water; and (3) The third resolution regarding the low-income

discount needed additional hearings to educate the public about the cross-subsidies and who was paying for what.

Ms. Janan New, San Francisco Apartment Association and Coalition for Better Housing, asked the Commission to consider the dilemma of rental housing providers, noting they were faced with increased costs while income was capped at 1.2 percent by the local rent control regulations. She asked the Commission to work with the Rent and Arbitration Board to create a billing method for increases in costs and increases to tenants whose rent increases were protected by government oversight. She also stated they believed conservation goals could not be met unless owners and tenants paid their fair share of increased costs.

Ms. Michelle Kind, Professional Property Management Association of San Francisco, emphasized the importance of all citizens paying their fair share. She noted there were no conservation incentives for occupants of rental units if the landlords incurred the rate increases without passing them on. She asked that the Commission work with the Rent Board to develop a fair and equitable plan.

Ms. Vanessa Segali, a manager of 159 rental units in San Francisco, stated she had the same concerns as Ms. Kind and Ms. New.

Mr. Jim Fabris, Executive Director of the San Francisco Association of Realtors, asked if the programs in the rate package were part of the SFPUC's Long-Range Strategic Plan, stating that they should not be implemented if they were not a part of it.

Mr. Albert Chin, a Board Member of the Chinese Consolidated Benevolent Association, stated the Chinese community was opposed to the rate increase. He indicated the tiered approach was unfair and that many Chinese homeowners were not wealthy and any increase would adversely affect them.

Mr. Sean Pritchard, a property manager of over 300 rental units, stated there needed to be pass-throughs or a metering system for multi-unit buildings, as the structure being presented would not accomplish conservation.

Mr. Jimmy Kwok, a San Francisco resident, stated he was angry and furious about the death threats received by Mr. Jew. He urged the RFB to do a better job at producing fairer rates. President Sklar stated unequivocally that the Commission and staff had nothing to do with threatening anybody.

Mr. Calvin Louie, Chinese American Democratic Club, stated the Club opposed the proposed rate structure for two reasons: (1) All the WSIP projects had to be part of the Project Labor Agreement (PLA) which would preclude many contractors in the Chinese Community

and (2) The new structure would penalize large families because they used more water. President Sklar replied the PLA was still under discussion and no one had been excluded and that if a company worked on a project, they had to abide by the terms of the PLA if adopted, but did not have to join.

Mr. Ambrose Luk, a San Francisco resident, stated he was opposing the rate proposal.

Ms. Natalie Gee, a San Francisco State University student, opined the rate proposal would negatively affect working families with children the most. She stated the voters should have a right to vote on the increase.

Anna (no last name given) stated she managed a couple of rental homes and that some people brought in extra tenants unbeknownst to her, therefore causing higher rates. She noted God gave free water and the SFPUC should not charge as much because it was free.

Ms. Kathleen Sullivan, Sierra Club – San Francisco Chapter, stated the Club supported the sewer rate proposal for 2006-2007 because of the low-income assistance program and the conservation incentives.

Mr. Richard Lee, a property manager in San Francisco, asked the current Commission and future Commissioners, along with SFPUC staff, to refrain from implementing future rate increases. He stated be supported an increase, but not a double-digit one.

Mr. Francisco da Costa, the San Francisco Coalition, stated the Commission should do all it could to help the ratepayers.

Carolyn (no last name given) stated her water and sewer bill was over \$300 per billing cycle and her family did their best to conserve water. She stated her family was not affected by the low-income discount and under the proposed rate structure, her bills would increase by about \$100 per billing cycle. She stated she supported a ballot measure to freeze water and sewer rates. President Sklar asked to see Carolyn's water bill, which was for the eight people living in her household.

Ms. Heather Dempsey, Tuolumne River Trust, stated the proposal promoted water efficiency. She reminded the Commissioners that Proposition A allowed the bond money to be used to improve watershed and environmental conditions and the current program did not increase watershed protection or restoration projects.

Ms. Leal referred back to Carolyn's bill and stated the bill, with any amount of conservation, should be about half of the amount stated

and that staff would like to contact Carolyn to inspect her home to locate any problems.

Ms. Judy Liu stated working families were greatly impacted by the rate proposal and asked the Commission to consider a better solution for the rate increase.

Ms. Jennifer Clary, Clean Water Action (CWA), stated CWA supported the conservation rate and reminded the Commission that Proposition A provided a 50/50 passthrough for landlord improvements, so that landlords would be able to pass through some of their increased costs, provided they took conservation measures. She suggested people put a bottle of Clorox in the tank as suggested during the 1976-77 drought.

Mr. David Pilpel, San Francisco League of Conservation Voters, paid his water bill and stated the League supported the rate structure proposal and the programs within it.

Mr. David Chiu, San Francisco resident, stated the proposed rate increase would make the City unaffordable and his family would need to sell their home and move. President Sklar replied water and sewer rates were more expensive in most of the areas surrounding San Francisco so it would not be prudent financially to move for this reason. He also pointed out that San Francisco used to dump sewage into the ocean and Bay 80 times a year back in 1976 and it had now been reduced to two to four times a year and has resulted in preserving the Bay and keeping the beaches clean.

Ms. Karen Kroey, Small Property Owners of San Francisco and the Coalition for San Francisco Neighborhoods, stated they were against the inclining block rate because it was unfair to families, but they supported the capacity fee and low-income discount.

Ms. Sylvia Chan, a retiree, stated she lived in Visitation Valley, where many working families lived and relayed Daly City's water rates did not rise. She asked the Commission to consider the needs of large families.

Female (no name given) stated the rate proposal should not be decided by a few members of government and would work to bring a rate freeze proposal to the ballot for November. She relayed the water rate increase would greatly impact seniors and low-income people.

Male (no name given) stated the SFPUC should budget more carefully and not take the increase out on poor, working families. He relayed he also expected to help place a rate freeze on the ballot.

President Sklar commented the hearings were part of the democratic

process, noting the Commissioners were appointed through the citizen's duly elected officials – the Mayor and the Board of Supervisors. He stated people could vote against rate increases, but at some point, repair and replacement projects had to take place to allow the water to run through the pipes and not foul up the ocean with raw sewage.

President Sklar received information at the dais and addressed Carolyn, an earlier speaker. He stated the average increase for a median user would be \$3.96, and the \$50 figure given to her was a lie and not \$50 as the ratepayer was informed.

Ms. Judy Berkowitz, Coalition for San Francisco Neighborhoods, asked the Commission to continue the rate proposal discussion to another meeting as the proposals were not noticed as available until March 11, 2005, and did not allow the public enough time to review the information.

The Commission recessed at 3:39 P.M.

The Commission reconvened at 3:49 P.M.

Commissioner Werbach stated he was pleased the Public Hearing was broadcast publicly and supported the conservation program and the low-income discount. Commissioner Brooks echoed his comments.

Commissioner Normandy reported he was the lone dissenting vote the previous year, noting he voted against the rate proposal because of inadequate communications with the public and the hostile public response to the rate increase, relaying his vote was representative of public skepticism. He stated the rate restructuring was necessary last year and this year and thanked staff for the outstanding outreach on educating the public and providing assistance to ratepayers as needed. He also asked that for the future, staff explore the issues surrounding large families and asked that the Commission's position not be construed as pro-tenant and anti-landlord.

Commissioner Brooks stated the Commission needed to maintain the system and that failure to do so would bring harm to those who could least afford it, and referenced the previous years flood problems.

President Sklar stated the Commission had an obligation to future generations to ensure there was clean water and a clean ocean. He stated San Francisco was 50 percent of the way through a wastewater program that started in the 1970's that needed to be completed to relieve the burdens in the Southeast community, improve treatment of the water used, and repair pipes that had

been neglected for so many years.

President Sklar complimented the work performed by the RFB and staff, both in developing and marketing and explaining the program. He relayed he sympathized with low-income families and supported the low-income discount. He further stated he had little sympathy for demagogery regarding freezing rates, explaining the water and wastewater systems had basic needs that had to be met, similar to individual needs such as food, fuel, and rent. He said he also sympathized with landlords who were caught in a box between the need for higher rates and their inability to allocate costs and promote conservation. He indicated, however, that any pass through policy was a matter for the Board of Supervisors and those who managed the rent control program. It was not under the jurisdiction of the Commission. He stated the Commission would implement a program to direct-bill, provided meters were installed.

Commissioner Normandy stated the Commission would continue to welcome comments, including criticism, and asked critics to remain at the table to further resolve issues. He explained the new rate structure was an integral part of the entire Wastewater Master Plan that needed to move forward.

Commissioner Werbach addressed a question raised by Mr. Jew during Public Comment regarding an efficiency report on how well SFPUC spent money. He reported the Board of Supervisors Budget Analyst did the report and contained some good ideas and some others that he disagreed with. He stated the challenge was not in raising rates, but spending the money well. He encouraged staff to continue seeking improved conservation measures.

3. Discussion and possible action related to revising the Schedules of Water Rates and Charges of the San Francisco Water Enterprise.

Moved by Vice President Caen, seconded by Commissioner Werbach, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0044: Recommend to the Mayor's Office schedules of rates, fees and charges for retail water service in San Francisco and suburban areas to be effective with meter readings beginning July 1, 2005 and July 1, 2006.

4. Discussion and possible action related to revising the Schedules of Sewer Service Charges of the San Francisco Wastewater/Clean Water Enterprise.

Moved by Vice President Caen, seconded by Commissioner Werbach, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0045: Adopt schedules of rates, fees and charges

of the San Francisco Public Utilities Commission Wastewater Enterprise for sewer service in San Francisco to be effective with meter readings beginning July 1, 2005 and July 1, 2006.

5. Presentation and discussion related to the Rate Fairness Board's "Report on Water and Wastewater Service Rates" dated March 2005. (Brown/Ash)

Staff Recommendation: For discussion only.

Having completed the Public Hearing, President Sklar continued with public comment from the morning session.

Public Comment:

Ms. Jenna Olsen, Tuolumne River Trust, thanked the Commission for the workshop materials and asked about the environmental costs, noting they were only an estimate. Regarding land acquisition fees, she clarified these would be for pipelines and tunnels and not for purchasing land adjacent to rivers, streams, and the Bay to improve the environment and water quality. She also stated she thought the five cancelled projects should not be made invisible because money spent on design and planning was money wasted.

Mr. Art Jensen, General Manager of Bay Area Water Supply and Conservation Agency (BAWSCA), stated the materials provided clarity and were a step in the right direction and that the Agency would be seeking feedback from two outside parties to obtain separate and objective reviews on the proposals and return to SFPUC staff to relay any observations and to resolve any questions before making a final report to the BAWSCA Board. He stated his goal was to create confidence in the Project among his Board members.

Mr. Vitus Leung, Local 21 representative, stated his union was supportive of the WSIP before its inception, but had some concerns about the 26 percent of total soft costs. He reported Local 21 was part of a Labor Management Agreement called the Joint Union City Committee (JUCC) and relayed their analyses showed similar projects yielded soft costs between 29 and 33 percent and wanted to red flag this for the Commission. He reported morale among the engineering, construction, and planning staff was low because they felt disconnected from the process, including the reorganization and the recent Program Management Contract Request for Proposals. Commissioner Brooks replied he trusted Mr. Tony Irons, Deputy General Manager of Capital Projects, and Mr. Harlan Kelly, Assistant General Manager of Infrastructure, to mitigate the distress and discomfort between the workforce and management and thought it could be worked out. President Sklar stated SFPUC would try for the lowest soft costs possible, with maximum productivity and

efficiency. He stated it was the SFPUC's job to effectively execute the program at the lowest possible costs and asked the speaker if it was his intent to suggest the SFPUC spend more than necessary on Project Delivery Costs so as to meet some arbitrary targets.

Having finished Public Comment from the morning session, President Sklar took Item 16 out of order as a courtesy to the Los Trancos County Water District representatives.

16. Discussion and possible action related to amending the Water Supply Contract with the California Water Service Company.

Moved by Vice President Caen, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0046: Authorize the General Manager of Public Utilities to execute the First Amendment of the Water Supply Contract with the California Water Service Company, Bear Gulch District Service Area, for the purpose of modifying the service area boundary and individual water supply guarantee to include the service area and quantity of water formerly held by the Los Trancos County Water District.

President Sklar continued with the agenda in order, starting with Item 6.

6. Approval of Minutes

Moved by Commissioner Brooks, seconded by Vice President Caen, to adopt the Minutes of the March 8, 2005, Regular Meeting; passed (5-0) unanimously.

Vice President Caen stated she wished to correct herself, noting the top of page 05-05 which referred to a fax from Supervisor Chris Daly, should be dated July 6, 2004, not 2005.

7. Public Comments

Ms. Joan Girardot, a San Francisco resident, read Charter Requirement Section 16.103(b), Utility Revenues and Expenditures, and asked how much was in the repair and replacement fund for the wastewater enterprise. Mr. Sandler stated he would need to reply to Ms. Girardot at a later time.

8. Communications

There was no discussion.

9. Old/Ongoing Business by Commissioners

President Sklar reported he gave, through the General Manager, Ms. Barbara Hale, Assistant General Manager of Power, a package of materials to read regarding broadband utilizing power lines and asked staff to research all ways of delivering lower-cost internet service.

President Sklar reminded staff he had asked every week for an incentive program for commercial institutions in terms of water-saving devices. Ms. Leal replied this could be available at the next meeting and stated there was a draft report which could be forwarded to him for comment before an official presentation.

Commissioner Werbach asked if staff could report to the Commission in about two to three months about the status of the sustainability plan. He also asked that a watershed improvement plan come back to the Commission as a supplemental.

Mr. Jensen stated he had to leave the meeting and encouraged the Commission to move forward on Item 15 on the agenda.

10. Introduction of New Business by Commissioners

Commissioner Normandy reported San Francisco was hosting a Green Summit in June and suggested the Commission host a reception for the overseas dignitaries. He asked for regular reports on this and that it be calendared as such.

11. Commission Business

Nothing was discussed.

12. Report of the General Manager

a) Assembly Bill 1823 Update

Ms. Leal reported staff was ready to release the revised WSIP document for 30-day noticing as requirement by Assembly Bill 1823, and hold a Public Hearing on April 26, 2005.

b) Pacific Gas and Electric Company Bankruptcy Settlement

Ms. Barbara Hale, Assistant General Manager of Power, and Ms. Theresa Mueller, Deputy City Attorney, provided information on the settlement. Ms. Hale reported the settlement was signed, but not yet before the Board of Supervisors. She stated Pacific Gas and Electric (PG&E) would be paying the City \$7.2 million, of which the SFPUC would receive the majority to settle disagreements and lack

of payments that were due during PG&E's bankruptcy proceedings. She further reported SFPUC would have to pay out \$290,000 to resolve some claims PG&E filed against the City on Treasure Island matters and San Francisco International Airport facilities. When asked about the payment, Ms. Hale replied it would happen soon after the Board of Supervisors approved it and was not in the budget for FY 2005-2006. She stated she expected it to be used for undergrounding utility lines. Ms. Mueller stated the settlement was being paid dollar-for-dollar on the first \$5 million.

c) Community Choice Aggregation Plan (Hale/Casey)

Ms. Hale and Mr. Sean Casey, Project Manager, prepared a PowerPoint presentation on Community Choice Aggregation (CCA). They provided background history on CCA in San Francisco and how it would affect San Francisco residents and businesses. With the San Francisco Environment Commission, a draft implementation plan was being prepared to go before the Board of Supervisors at the end of April. Mr. Casey stated the California PUC (CPUC) was still determining operational and logistical requirements the CCA would have to meet.

Commissioner Werbach asked for clarification on the commitments SFPUC was responsible for and requested a copy of the ordinance passed by the Board regarding CCA.

Mr. Casey discussed the economics of CCA and indicated it would be high cost and that while the cost of buying electricity would be low, the exit fees would be high and would result in higher rates from 2006-2008. He further explained that if 50 percent of the commercial customers chose not to be part of CCA, it would cause CCA to be less viable as a cost effective business opportunity. He stated price stability would be important to commercial customers. He offered the option of the City contracting out the CCA to one or more suppliers.

Ms. Hale stated the CPUC set up CCA to protect PG&E from revenue loss while allowing cities to assume the power buying and generation risks. Commissioner Werbach stated CCA was successful in Ohio and Massachusetts. Commissioner Brooks stated CCA had to be competitive to be effective.

President Sklar asked that CCA be put on another calendar for discussion. Ms. Leal agreed to calendar it at the first meeting in April.

CONSENT CALENDAR

14. Moved by Vice President Caen, seconded by Commissioner Brooks, to adopt the items a through d listed under the Consent

Calendar; passed (5-0) unanimously.

a) Resolution No. 05-0047: Award Contract No. CW-237, Larkin/Quincy Streets Sewer Replacement and Pavement Renovation, in the amount of \$214,000, to K.J. Woods Construction.

b) Resolution No. 05-0048: Award retroactively Professional Services Agreement No. CS-794, Offshore Wave Feasibility Demonstration Project in California, to Electric Power Research Institute; to provide performance and cost evaluation services; and authorize the General Manager of Public Utilities to seek a retroactive sole source waiver and execute the agreement for an amount not to exceed \$30,000 and with a duration of three months.

c) Resolution No. 05-0049: Reject all bids for Contract No. WD-2426, La Grande Tank Replacement, and authorize the General Manager of Public Utilities to re-advertise the contract as Contract No. WD-2426R, to receive and evaluate bids; and to return to the Commission with a recommendation for award.

d) Resolution No. 05-0050: Reject all bids for Contract No. WD-2473, Forest Hill Concrete Tank Seismic Retrofit, and authorize the General Manager of Public Utilities to re-advertise the contract as Contract No. WD-2473R, to receive and evaluate bids; and to return to the Commission with a recommendation for award.

30. Discussion and possible action related to Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications.

Moved by Commissioner Brooks, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0051: Accept work performed under Contract No. HH-902 and approve Modification No. 4 (Final), decreasing the contract amount by \$321,066.42, for a total contract amount of \$3,462,842.66, and with a time extension of 345 consecutive calendar days for a total contract duration of 559 consecutive calendar days; and authorize final payment of \$660,240 to A. Ruiz Construction.

18. Discussion and possible action related to a Letter Agreement with the Turlock Irrigation District. (Jurosek)

Moved by Vice President Caen, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0052: Authorize the General Manager of Public Utilities to execute an amendment to extend the term of the

September 28, 2004 Letter Agreement with Turlock Irrigation District to purchase and sell firm energy until implementation of an Amended and Restated Long Term Power Sales Agreement or April 15, 2005, whichever is earlier.

REGULAR BUSINESS

15. Discussion and possible action related to appropriation for Water System Improvement Program. (Continued from the meeting of March 8, 2005)

Mr. Irons reported that if Item 15 passed, the appropriation request would be forwarded to the Capital Improvements Advisory Committee for review on April 7, 2005, when they would be meeting to discuss what would be forwarded to the Mayor's Office and be included as part of the regular appropriations cycle. He stated the Commission would still have the authority to discuss this again at the April 12, 2005, regular meeting and make any alterations provided the change did not increase the amount of the appropriation. Mr. Irons asked the Commissioners to pass the \$154 million request and take the time to review each of the individual project materials and forward any questions to the General Manager. He stated the questions could be answered at the next meeting and changes could be made.

Commissioner Werbach asked that San Joaquin Pipeline No. 4 be removed or greatly reduced from the list. President Sklar disagreed with removal, stating the monetary commitment only provided for an environmental analysis of what the alternatives might be which had to be done no matter what the Commission decided. Mr. Irons stated the appropriation was only for environmental review and habitat and all issues that might be pertinent to construction on any pipelines in the San Joaquin system and nothing was designated for further design of the pipeline.

Questions were also raised about Calaveras Dam. The Commission asked staff to consult on the specificity of the work activity on Calaveras Dam and the San Joaquin Pipeline.

Mr. Irons suggested breaking the projects off into clusters and addressing different clusters each month. The Commissioners concurred with this.

Ms. Vicki Clayton, SFPUC Legal Counsel, was asked to provide the Commission with a clause to amend the resolution that would cover the reservation of the Commission's right to amend the appropriation, but not increase the amount, while still moving it forward.

Public Comment:

Ms. Olsen thanked the Commission for the changes that were made. She stated the materials for the morning workshop were late in arriving and timeliness needed to be improved for constructive public input. She asked that the follow-up questions asked by the Commissioners and the answers be made available to the public.

Ms. Clary asked if the agreement made with the City Planning Department allowed the SFPUC to move ahead with projects, additional design, and project level environmental impact reviews. President Sklar replied SFPUC could undertake design activities but at a risk, and if the environmental review process led to changes that made the designs inappropriate, the costs and risks belonged to the SFPUC. There was discussion about follow-up to questions asked by Ms. Clary dating back to November 2003.

Moved by Commissioner Normandy, seconded by Commissioner Brooks, to adopt the following resolution as amended; passed (5-0) unanimously.

Resolution No. 05-0053: Authorize appropriation of \$153,981,000 from the 2002 Proposition A Bond Fund for projects in the Water System Improvement Program. This appropriation will be incorporated in the SFPUC FY 2005-2006 Capital Project Budget request approved by the Commission on February 18, 2005.

PROFESSIONAL SERVICE CONTRACTS

Amend

21. Discussion and possible action related to Agreement No. CS-672.D, Recycled Water Master Plan Update.

Moved by Commissioner Normandy, seconded by Commissioner Brooks, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 05-0054: Approve Amendment No. 3 to Agreement No. CS-672.D, Recycled Water Master Plan Update, dated March 21, 2005, with ESA + Orion, a joint venture, to provide a time extension of nine months, for a total agreement duration of 35 months, and authorize the General Manager of Public Utilities to execute this amendment. The amount of the agreement will not increase, and will remain at \$733,000.

Citing the late hour in the day and the need to vacate the room for an incoming evening meeting of the Taxi Commission, President Sklar announced Items 13, 17, 19, and 20 in the Regular Calendar and Items 22 to 29 in the Closed Session Calendar would be continued to the Regular Meeting of April 12, 2005.

13. Bay Area Water Supply & Conservation Agency (BAWSCA)

General Manager's Report**a) BAWSCA Update**

17. Discussion and possible action related to an agreement with Tuolumne County for essential services.

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an agreement with Tuolumne County for essential services, including sheriff, fire, and ambulance support services, for a period of five years.

REAL PROPERTY TRANSACTIONS

19. Discussion and possible action related to the sale of property located in South San Francisco to the Urban Housing Group.

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the direct sale of 207 square feet located at 1410 El Camino Real (portion of parcel number 010-292-260) in South San Francisco to the Urban Housing Group.

CONSTRUCTION CONTRACTS

20. Discussion and possible action related to terminating Contract No. WD-2349R, Thomas Shaft Water Supply Improvement.

Staff Recommendation: Terminate for convenience Contract No. WD-2349R, Thomas Shaft Water Supply Improvement, awarded to Proven Management in the amount of \$1,198,785; and authorize the General Manager of Public Utilities to re-advertise the contract, receive and evaluate bids, and to return to the Commission with a recommendation for award.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.

23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

24. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a).

Consultation with: Agency counsel concerning security of SFPUC

Water and Power Systems.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A); San Francisco Administrative Code Section 67.10(d)(1):

Existing Litigation: San Francisco Unified School District v. City & County of San Francisco; Superior Court, Case No. 436240

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1):

Existing Litigation: Pacific Gas & Electric Company v. City & County of San Francisco; Case No. 01-30923-DM U.S. Bankruptcy Court, Northern District of California

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d)(2):

Anticipated Litigation: As plaintiff regarding certain claims against Pacific Gas & Electric Company.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

There being no further business to discuss, the meeting was adjourned at 5:39 P.M.

Mary Y. Jung
Secretary

| 9 of 10 |

Learn more about related Organizations at SFPUC:
Commission





**SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

Gavin Newsom
MAYOR

AGENDA
REGULAR MEETING

DOCUMENTS DEPT.

APR - 8 2005

Tuesday, April 12, 2005
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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PUBLIC LIBRARY

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COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY





Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854, E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.



ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the March 22, 2005, Special Meeting
 - b) Minutes of the March 22, 2005, Regular Meeting
4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.
5. Communications
6. Old/Ongoing Business by Commissioners
7. Introduction of New Business by Commissioners
8. Commission Business
9. Report of the General Manager
 - a) Community Choice Aggregation (Hale)
 - b) Treasure Island/Yerba Buena Island (Hale/Hall/Cohen)
 - c) Power Enterprisc Business Plan (Hale)
 - d) Regional Biosolids Program (Franza)
 - e) Suburban Retail Rates (Sandler)
 - f) Water System Improvement Program Update (Irons)



10. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report
(Continued from the meeting of March 22, 2005)

- a) BAWSCA Update (Jensen)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

11. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- a) Staff Recommendation: Award Contract No. WD-2459, 8-Inch Ductile Iron Main Installation in Monterey Blvd, in the amount of \$1,328,900, to Shaw Pipeline, Inc.
- b) Staff Recommendation: Accept work performed for Contract No. CW-315, Southeast Water Pollution Control Plant Building 930 & 940 HVAC Improvements, approve Modification No. 2 (Final) increasing the contract by \$7,637 for a total contract amount of \$1,074,846, and authorize final payment of \$17,637 to LC General Engineering and Construction, Inc.

REGULAR BUSINESS

12. Discussion and possible action related to a supplemental appropriation for the Water System Improvement Program. (Irons)

Staff Recommendation: Authorize a supplemental appropriation in the amount of \$153,981,000 to fund the Water System Improvement Program for FY 2005-2006.



13. Discussion and possible action related to Agreement No. CS-765, Water System Improvement Program – Program/Project/Pre-Construction Management Services. (Irons)

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate Professional Services Agreement No. CS-765 with the highest scoring proposer, Parsons, per the completed selection process of the Request for Proposals, including Addenda Nos. 1 and 2, issued February 17, 2005, entitled San Francisco Water System Improvement Program - Program/Project/Pre-Construction Management Services; return to the Commission for award and then forward to the Board of Supervisors for final approval.

14. Discussion and possible action related to an agreement with Tuolumne County for essential services. (Laramendy) (Continued from the meeting of March 22, 2005)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an agreement with Tuolumne County for essential services, including sheriff, fire, and ambulance support services, for a period of five years.

15. Discussion and possible action related to a Generator Special Facilities Agreement for the San Francisco Airport Electric Reliability Project. (Kubick)

Staff Recommendation: Authorize the General Manager of Public Utilities to enter into a Generator Special Facilities Agreement with Pacific Gas and Electric Company for the San Francisco Airport Electric Reliability Project to be located at the San Francisco International Airport.

16. Discussion and possible action related to a Request for Proposals for Agreement No. DB-105, Solar Photovoltaic Installation at Northpoint Water Pollution Control Plant. (Hale)

Staff Recommendation: Authorize the General Manager of Public Utilities to issue a Request for Proposals for Agreement No. DB-105, a design-build agreement to construct a 300 kilowatt solar electric system on the roof of the Northpoint Water Pollution Control Plant for an amount not to exceed \$2.4 million; notify the Board of Supervisors of this design-build advertisement; receive proposals; conduct a selection process to identify the best qualified firm; negotiate a design build agreement with the vendor and a Memorandum of Understanding for repayment with the Wastewater Enterprise; and return to the Commission and Board of Supervisors for approval of the vendor.



REAL PROPERTY TRANSACTIONS

17. Discussion and possible action related to the sale of property located in South San Francisco to the Urban Housing Group. (Dowd) (Continued from the meeting of March 22, 2005)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to sell 207 square feet located at 1410 El Camino Real (portion of parcel number 010-292-260) in South San Francisco to the Urban Housing Group.

CONSTRUCTION CONTRACTS

18. Discussion and possible action related to terminating Contract No. WD-2349R, Thomas Shaft Water Supply Improvement. (Kelly) (Continued from the meeting of March 22, 2005)

Staff Recommendation: Terminate for convenience Contract No. WD-2349R, awarded to Proven Management, in the amount of \$1,198,785; and authorize the General Manager of Public Utilities to re-advertise the contract, to receive and evaluate bids for said contract; and to return to the Commission with a recommendation for award.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

21. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Clayton) (Continued from the meeting of March 22, 2005)

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.



22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(b)(3)(A) and San Francisco Administrative Code Section 67.10(d)(1): (Roddy/Margolis) (Continued from the meeting of March 22, 2005)

Existing Litigation: San Francisco Unified School District v. City and County of San Francisco; Superior Court, Case No. 436240

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1): (Mueller) (Continued from the meeting of March 22, 2005)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d)(2): (Mueller) (Continued from the meeting of March 22, 2005)

Anticipated Litigation: As plaintiff regarding certain claims against Pacific Gas and Electric Company.

25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1): (Clayton)

Existing Litigation: John Yee
Claim No. 05-00923

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d): (Greenman)

Existing Litigation: San Francisco Bay Area Rapid Transit District v. City and County of San Francisco, Alameda County Superior Court No. HG03 099024

27. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District; San Francisco Superior Court No. 323717.



FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

28. Announcement following Closed Session.
29. Motion regarding whether to disclose the discussions during Closed Session.

REGULAR BUSINESS, CONT.

30. Discussion and possible action related to an Amended and Restated Long Term Power Sales Agreement with the Turlock Irrigation District. (Jurosek)

Staff Recommendation: Approve an Amended and Restated Long Term Power Sales Agreement with the Turlock Irrigation District.

ADJOURNMENT



City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



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05/05/2005

Gavin Newsom
MAYOR

MINUTES**REGULAR MEETING**

Tuesday, April 12, 2005
1:30 P.M.

City Hall, Room 400
Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY

[Search](#)**ORDER OF BUSINESS:**

1. Call to Order: 1:35 P.M.

President Richard Sklar announced there were noticing problems with the agenda, and as a result, no votes would be taken on any action items listed. He stated the Commission would continue all action items to a Special Meeting scheduled for Thursday, April 14, 2005, or to the next Regular Meeting of April 26, 2005. He proceeded with the agenda in order.

2. Roll Call: Present – President Richard Sklar, Vice President Ann Moller Caen, and Commissioner E. Dennis Normandy

Excused – Commissioner Adam Werbach and Commissioner Ryan L. Brooks

3. Approval of Minutes

The minutes were continued to the April 26, 2005, Regular Meeting.

a) Minutes of the March 22, 2005, Special Meeting

b) Minutes of the March 22, 2005, Regular Meeting

4. Public Comments

Mr. Francisco da Costa, Environmental Justice Advocacy, stated he sent an e-mail to the Commission requesting information regarding the results from pollution tests conducted near the sewage treatment plants and to date, had not received a reply. He reported he received notice about placement of three combustible turbines in the Southeast and thought they were a health hazard. President Sklar asked staff to follow up with Mr. da Costa's request.

5. Communications

Commissioner Normandy asked staff to respond to the letters from Mr. Dick Morton regarding Lake Merced and to the letter from the consortium of environmental groups regarding the Water System Improvement Program. He requested the Commission be copied in on these replies.

6. Old/Ongoing Business by Commissioners

President Sklar reminded staff he was awaiting the water conservative incentives report and requested information on the purchase of hybrid cars planned for the next quarter and purchased the previous quarter. On behalf of Commissioner Werbach, he asked staff for the Customer Service Bureau reports regarding the water bill revision and the customer service performance results.

7. Introduction of New Business by Commissioners

There was no new business.

8. Commission Business

There was no Commission business.

9. Report of the General Manager

Ms. Susan Leal, General Manager of Public Utilities, asked to take Item 9 (b) out of order and be presented first out of deference to the guest speakers from Treasure Island and the Mayor's Office. The Commission concurred with this request.

b) Treasure Island/Yerba Buena Island

Ms. Barbara Hale, Assistant General Manager of Power, presented an overview of the presentation, noting it was a joint presentation with the Treasure Island Development Authority (TIDA) and the Mayor's Office of Base Use and Redevelopment (MOBUR).

Mr. Tony Hall, Chairman of TIDA, reported the City entered into a caretaker agreement through the State of California with the United States Navy regarding Treasure Island. He stated Treasure Island had over 3,000 San Franciscan's living on it and the residents were provided with power, water, sewer, gas, police, and fire services from City departments similar to what other City residents received. He stated TIDA was developing a term sheet regarding infrastructure, housing, and sustainability.

Mr. Jack Sylvan, MOBUR, stated re-use planning was authorized by the Board of Supervisors (BOS) in 1996 and provided policy guidance for TIDA's development planning. The Re-Use Plan recommended that (1) a public benefit corporation be created to oversee the interim and operational planning and (2) planning and development be done in the context of a master developer that was selected through a competitive process. He reported Treasure Island Community Development (TICD) was selected and negotiations with them began in June 2003. He stated he expected to present the term sheet to the BOS during the summer of 2005. The term sheet would also include plans for community benefits, transportation, financing, and a risk impact analysis. He stated he expected TIDA and the Planning Commission to certify a Programmatic Environmental Impact Report in May, to be followed by a Disposition and Development Agreement (DDA) between TIDA and TICD. He anticipated the new infrastructure to be in place by 2009.

President Sklar asked about the economic feasibility of the project and was assured by Mr. Sylvan that all the parties involved were

confident the project was economically viable. He explained the developer would be committed to moving forward with the process after the term sheet and DDA are presented and accepted by the BOS.

Mr. Sam Larano, Project Manager, explained the working relationship between TIDA, the Mayor's Office, TICD, and the SFPUC would continue until the infrastructure was built to help mitigate risks to the SFPUC. He stated current costs were high for operating the utilities because of the poor conditions of the structures already in place.

Mr. Larano presented a slide showing a table with details from FY 1997 – 2004 and included information on what SFPUC billed to customers for water, sewer, electric and gas, revenue received, and expenditures. He explained the figures did not include any overhead allocation from SFPUC general overhead costs. President Sklar stated It would be useful to allocate overhead costs. Mr. Eric Sandler, Finance Director, stated financial reporting was done on an accrual basis. He also confirmed the figures included capital expenditures and repair and replacement expenses.

President Sklar asked if the Mayor's Office included full funding for the TIDA payments, indicating that taking away such payments resulted in a cash deficit that would be spread among the City's ratepayers. Mr. Hall replied he was sure the Mayor's Office understood this. Mr. Larano pointed out that the current agreement allowed the City to charge the U.S. Navy 66 cents per therm, plus a 15 percent discount, while the actual cost of natural gas was 69 cents per therm, thus allowing a subsidy to the Federal Government.

President Sklar relayed the Commission recently accepted a rate restructuring that included a capacity fee for all new development in the City and asked that the negotiations include considerations of any deficits that might occur from infrastructure costs. He further stated the SFPUC recognized its obligation to serve the Treasure Island community as part of the greater San Francisco community, but insisted that all plans going forward include full recompense for services rendered to this for-profit development since any shortfall would be borne by the non-Treasure Island population.

Mr. Mark McDonald, Facilities Director at TIDA, stated the working group was created to establish a rate structure for the ratepayers that was clear and transparent.

Mr. John Farrell, Chief Financial Officer at TIDA, stated he would continue to review the numbers and work toward a mutual resolution on the rates.

Mr. Hall closed the presentation with a brief summary of the goals,

objectives, and approach of the working group, stating the goals were established to mitigate financial, regulatory, and operational risk of operating utility systems. He relayed he also hoped to resolve questions about cost recovery and capital improvement and repair and replacement costs. He reiterated their approach was to negotiate and enter into a memorandum of understanding between the SFPUC and TIDA. Mr. Hall thanked the Commission and staff for their work and stated he expected the TICD project to move forward.

Commissioner Normandy asked what environmental mitigation was being considered. Mr. Sylvan replied that Treasure Island was used primarily as office space and did not have the contaminants such as those found at the Hunter's Point Shipyard. He stated the cost for cleaning the Island would be paid by the U.S. Navy.

a) Community Choice Aggregation

Ms. Hale stated she presented the overall draft plan for Community Choice Aggregation (CCA) at the previous regular meeting and gave a brief summary of the information presented. Mr. Sean Casey, Project Manager, reviewed the financial figures for Pacific Gas and Electric Company (PG&E) and how CCA would affect their bottom line. He noted PG&E was publicly on record for supporting CCA and would make money as a pass through from the generation portion of their sales. He stated PG&E had forecast a certain amount of CCA in their territory. Mr. Casey explained the first few years would yield a 6 percent increase in electric bills for ratepayers and a reversal would not occur until 2009. He indicated that a cost reduction was not certain even then, since costs could be added by the California PUC (CPUC) that might render the consumer costs higher than under today's circumstances. President Sklar questioned whether a program that involved higher costs for the consumer today and no certainty of lower costs in the future made sense. He also stated that without the presence of Ms. Hale and Ms. Loretta Lynch at the CPUC, there was no certainty that that body would not aid PG&E, but impose higher CRS costs which would make this alternative uneconomical.

Ms. Hale reported she would be doing a pre-briefing with the BOS and was organizing a task force to review the materials before submission to the BOS for their April 26, 2005, meeting.

c) Power Enterprise Business Plan

Ms. Leal asked that Item 9 (c) be continued to the regular meeting of April 26, 2005, so that Commissioner Werbach could hear the presentation.

d) Regional Biosolids Program

Mr. Tom Franza, Assistant General Manager of Wastewater, referenced the materials sent to the Commission regarding the SFPUC's Regional Biosolids Program, and asked the Commission to review the materials, noting he would be returning to the Commission at a later date with an agenda item. He described biosolids as the residuals that remain after sewage was treated at the treatment plants. President Sklar asked if staff had considered the Milwaukee alternative of creating a compost product. Mr. Franza answered in the affirmative.

e) Suburban Retail Rates

Mr. Sandler reported the Finance staff identified a significant credit of about \$17 million in favor of the suburban customers that needed to be rebated in 2006. He stated that after working with Bay Area Water Supply and Conservation Agency (BAWSCA) staff, a 9.7 percent rate decrease was developed.

Mr. Art Jensen, General Manager of BAWSCA, stated the Agency found the proposal acceptable and had no objection to it being implemented.

The Commission recessed at 3:11 P.M.

The Commission reconvened at 3:19 P.M.

Ms. Leal suggested the Commission hear Items 9(f), 10(a), 12, and 13 at the same time. The Commission concurred with this.

9. f) Water System Improvement Program Update

10. Bay Area Water Supply & Conservation Agency (BAWSCA)
General Manager's Report (Continued from the meeting of March 22, 2005)

a) BAWSCA Update

12. Discussion and possible action related to a supplemental appropriation for the Water System Improvement Program.

Mr. Tony Irons, Deputy General Manager of Capital Projects, stated the supplemental appropriation document included the projects, the program budget, and the program schedule. He relayed these documents had not been adopted as policy by the Commission and were subject to change. He explained the projects needed to go through the environmental process and that few of the projects were stand-alone projects, noting any changes would cause a ripple effect. He said when projects inevitably change, a system review would be needed to determine how performance goals would continue to be met.

Mr. Irons stated he hoped to appear before the Commission every quarter with a cluster of projects to discuss, or every month with a smaller amount of projects for discussion.

President Sklar asked questions regarding the San Joaquin Pipeline and the amount of water that could run through it and its capacity. He also raised the issue of fish and fisheries and a water recycling strategy. President Sklar expressed concerns about the high amount of the soft costs, citing the Sunset Reservoir as an example. President Sklar said the program management consultant's review of project costs should include participation by BAWSCA.

Staff Recommendation: Authorize a supplemental appropriation in the amount of \$153,981,000 to fund the Water System Improvement Program for FY 2005-2006.

13. Discussion and possible action related to Agreement No. CS-765, Water System Improvement Program – Program/Project/Pre-Construction Management Services.

Mr. Irons described the selection process for the Program/Project/Pre-Construction Management Contract (PPPCM), stating it was within the rules and regulations that governed the bidding process.

Mr. Irons reported he expected the PPPCM firm to start before June 30, 2005.

Vice President Caen asked about the \$27 million unspent balance shown on the FY 2004-2005 document. Mr. Irons replied the document was meant to show the Commission how much money remained unspent and why. He stated SFPUC staff would come before the Commission on April 26, 2005, with additional details.

Public Comments:

Mr. Jensen stated BAWSCA was in favor of Item 12, the Supplemental Appropriation. He remarked that President Sklar and Ms. Leal had offered to let a technical person from BAWSCA participate in discussions related to the WSIP. He noted that different types of meetings would require calling on different expertise. He stated Dr. Ibbs had assisted BAWSCA in reviewing project cost estimates and would be a logical person to sit on the PPPC consultant's cost reviews. Mr. Jensen also stated that other expertise would be required and provided to participate in the discussions of how project changes might affect system performance relative to goals.

Ms. Heather Dempsey, Tuolumne River Trust, appreciated the comments about alternatives to the San Joaquin Pipeline and asked

the Commission to give direction to staff on those funding considerations. She referred to a letter given to the Commission from several Bay Area environmental organizations and asked that the letter be responded to seriously.

Ms. Jenna Olsen, Tuolumne River Trust, reported the proposed projects on the Tuolumne River would take 400 mgd of water from the Coast Range Tunnel which was unacceptable to the environmental organizations. President Sklar questioned where Ms. Olsen gathered this information as he did not believe this to be true. Ms. Olsen asked the Commission to spend some of the money from San Joaquin Pipeline No. 4 on fish issues. President Sklar asked Ms. Olsen for a one-page summary of TRT's conclusions.

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate Professional Services Agreement No. CS-765 with the highest scoring proposer, Parsons, per the completed selection process of the Request for Proposals, including Addenda Nos. 1 and 2, issued February 17, 2005, entitled San Francisco Water System Improvement Program - Program/Project/Pre-Construction Management Services; return to the Commission for award and then forward to the Board of Supervisors for final approval.

Ms. Leal recognized a speaker from the National Park Service who came to the meeting to address any questions regarding Item 14. There was no discussion on this item.

After some discussion among the Commissioners and General Manager, President Sklar continued Items 12, 13, 15, 27, and 30 to a Special Meeting scheduled for Thursday, April 14, 2005, at 9 A.M. in Room 416 at City Hall. All remaining items on the agenda were continued to the Regular Meeting of April 26, 2005.

11. a) Staff Recommendation: Award Contract No. WD-2459, 8-Inch Ductile Iron Main Installation in Monterey Blvd, in the amount of \$1,328,900, to Shaw Pipeline, Inc.

b) Staff Recommendation: Accept work performed for Contract No. CW-315, Southeast Water Pollution Control Plant Building 930 & 940 HVAC Improvements, approve Modification No. 2 (Final) Increasing the contract by \$7,637 for a total contract amount of \$1,074,846, and authorize final payment of \$17,637 to LC General Engineering and Construction, Inc.

14. Discussion and possible action related to an agreement with Tuolumne County for essential services.

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an agreement with Tuolumne County for

essential services, including sheriff, fire, and ambulance support services, for a period of five years.

15. Discussion and possible action related to a Generator Special Facilities Agreement for the San Francisco Airport Electric Reliability Project.

Staff Recommendation: Authorize the General Manager of Public Utilities to enter into a Generator Special Facilities Agreement with Pacific Gas and Electric Company for the San Francisco Airport Electric Reliability Project to be located at the San Francisco International Airport.

16. Discussion and possible action related to a Request for Proposals for Agreement No. DB-105, Solar Photovoltaic Installation at Northpoint Water Pollution Control Plant.

Staff Recommendation: Authorize the General Manager of Public Utilities to issue a Request for Proposals for Agreement No. DB-105, a design-build agreement to construct a 300 kilowatt solar electric system on the roof of the Northpoint Water Pollution Control Plant for an amount not to exceed \$2.4 million; notify the Board of Supervisors of this design-build advertisement; receive proposals; conduct a selection process to identify the best qualified firm; negotiate a design build agreement with the vendor and a Memorandum of Understanding for repayment with the Wastewater Enterprise; and return to the Commission and Board of Supervisors for approval of the vendor.

17. Discussion and possible action related to the sale of property located in South San Francisco to the Urban Housing Group.

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to sell 207 square feet located at 1410 El Camino Real (portion of parcel number 010-292-260) in South San Francisco to the Urban Housing Group.

18. Discussion and possible action related to terminating Contract No. WD-2349R, Thomas Shaft Water Supply Improvement.

Staff Recommendation: Terminate for convenience Contract No. WD-2349R, awarded to Proven Management, in the amount of \$1,198,785; and authorize the General Manager of Public Utilities to re-advertise the contract, to receive and evaluate bids for said contract; and to return to the Commission with a recommendation for award.

17. Discussion and possible action related to the sale of property located in South San Francisco to the Urban Housing Group.

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to sell 207 square feet located at 1410 El Camino Real (portion of parcel number 010-292-260) in South San Francisco to the Urban Housing Group.

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19. Public comments on matters to be discussed in Closed Session.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

21. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a).

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(b)(3)(A) and San Francisco Administrative Code Section 67.10(d)(1):

Existing Litigation: San Francisco Unified School District v. City and County of San Francisco; Superior Court, Case No. 436240

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1):

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d)(2):

Anticipated Litigation: As plaintiff regarding certain claims against

Pacific Gas and Electric Company.

25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1):

Existing Litigation: John Yee Claim No. 05-00923

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

Existing Litigation: San Francisco Bay Area Rapid Transit District v. City and County of San Francisco, Alameda County Superior Court No. HG03 099024

27. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District; San Francisco Superior Court No. 323717.

30. Discussion and possible action related to an Amended and Restated Long Term Power Sales Agreement with the Turlock Irrigation District.

Staff Recommendation: Approve an Amended and Restated Long Term Power Sales Agreement with the Turlock Irrigation District.

There being no further business to discuss, the meeting was adjourned at 4:20 P.M.

Mary Y. Jung
Secretary

| 10 of 10 |

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.





SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

**Notice of Continued
Regular Meeting**

The Meeting of April 12, 2005, was continued to:
Thursday, April 14, 2005

9:00 A.M.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

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APR 13 2005

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COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Program
Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY





Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting, except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.



ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

27. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District; San Francisco Superior Court No. 323717.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.



28. Announcement following Closed Session.
29. Motion regarding whether to disclose the discussions during Closed Session.

REGULAR BUSINESS

30. Discussion and possible action related to an Amended and Restated Long Term Power Sales Agreement with the Turlock Irrigation District. (Jurosek)

Staff Recommendation: Approve an Amended and Restated Long Term Power Sales Agreement with the Turlock Irrigation District.

12. Discussion and possible action related to a supplemental appropriation for the Water System Improvement Program. (Irons)

Staff Recommendation: Authorize a supplemental appropriation in the amount of \$153,981,000 to fund the Water System Improvement Program for FY 2005-2006.

13. Discussion and possible action related to Agreement No. CS-765, Water System Improvement Program – Program/Project/Pre-Construction Management Services. (Irons)

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate Professional Services Agreement No. CS-765 with the highest scoring proposer, Parsons, per the completed selection process of the Request for Proposals, including Addenda Nos. 1 and 2, issued February 17, 2005, entitled San Francisco Water System Improvement Program - Program/Project/Pre-Construction Management Services; return to the Commission for award and then forward to the Board of Supervisors for final approval.

15. Discussion and possible action related to a Generator Special Facilities Agreement for the San Francisco Airport Electric Reliability Project. (Kubick)

Staff Recommendation: Authorize the General Manager of Public Utilities to enter into a Generator Special Facilities Agreement with Pacific Gas and Electric Company for the San Francisco Airport Electric Reliability Project to be located at the San Francisco International Airport.

ADJOURNMENT



City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





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SAN FRANCISCO PUBLIC UTILITIES COMMISSION

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= Agenda

NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING
FOR CONSIDERATION OF REVISIONS
TO THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
WATER SYSTEM / CAPITAL IMPROVEMENT PROGRAM

Tuesday, April 26, 2005

DOCUMENTS DEPT.

1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, California

MAR 25 2005

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SUBJECT OF PUBLIC MEETING

The San Francisco Public Utilities Commission will conduct a public hearing as part of their regularly scheduled meeting on Tuesday April 26, 2005, for the purpose of considering changes to the Water System / Capital Improvement Program for possible adoption.

PROPOSED REVISIONS

Regional Water System Improvement Program 2005

This document presents the revised Regional Water System Improvement Program (WSIP), formerly known as the Capital Improvement Program (CIP), which was adopted by the San Francisco Public Utilities Commission (SFPUC) initially in 2002 and again in 2003. The revised report responds to the Wholesale Regional Water System Security and Reliability Act (AB 1823) reporting requirements on proposed changes to the program.

The proposed changes are based on a series of studies performed during 2004 to develop approaches to meeting projected demands and overall system performance. The relevant work from these studies and demand projects were presented at a series of seven program specific public workshops and hearings held by the Commission, at which time they established clear direction on Levels of Service for the program. During this period of public comment the concerns and comments of stakeholders, including but not limited to BAWSCA and BAWS, were taken into consideration in establishing the Levels of Service. These Levels of Service (performance levels) were



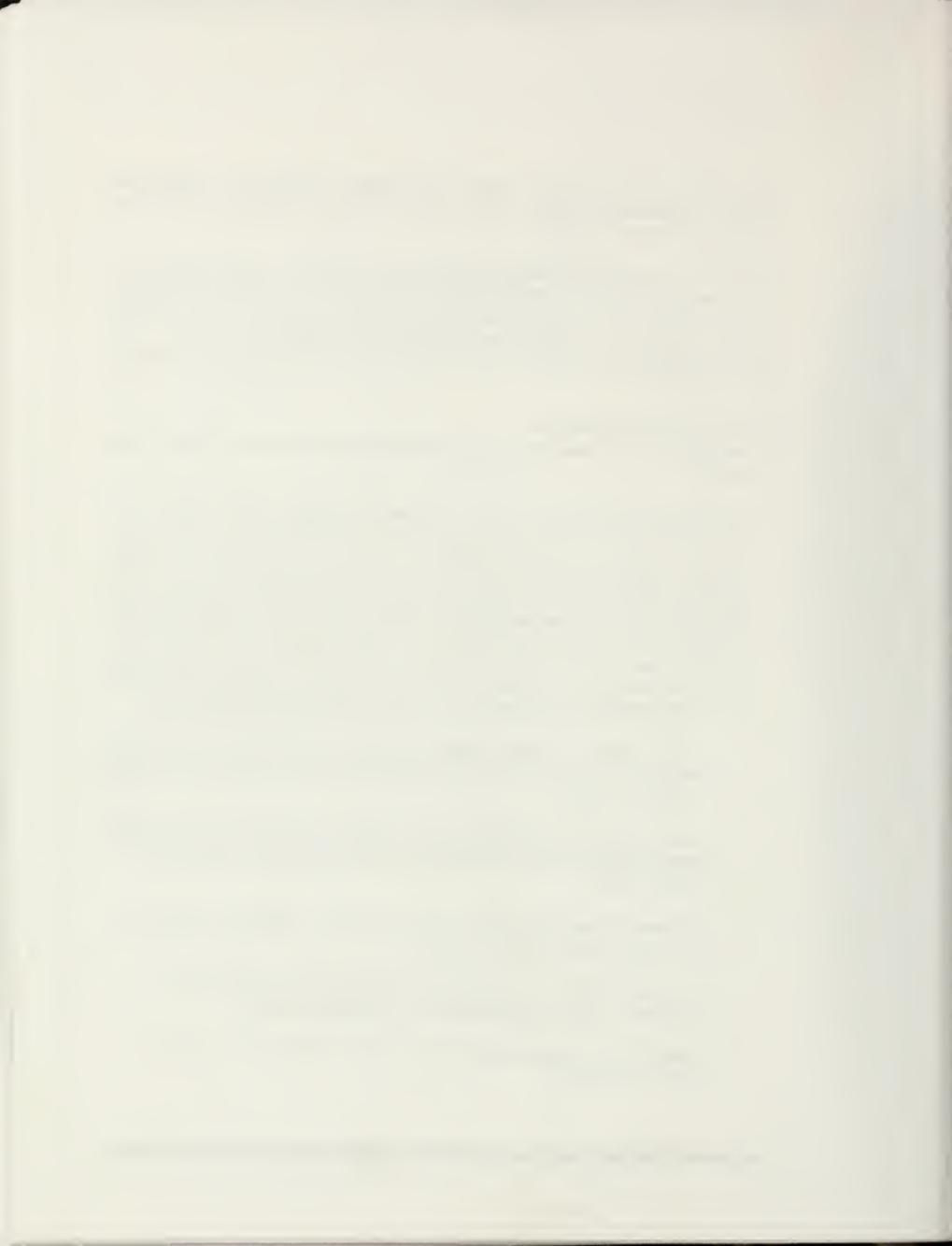
then used to refine the scope, schedule, and budget of the program, allowing the SFPUC to synthesize all efforts to date toward providing a description of the Water System Improvement Program.

Based on the adopted program goals and Levels of Service, a revised program was developed that includes \$717 million in new costs necessary to ensure water quality, seismic reliability and delivery reliability throughout the entire system, expanded drought protection and enhanced environmental responsibility and review. The following changes have occurred since the Capital Improvement Program Status Report and Update 2003:

Projects Reassigned/Replaced:

Seven projects were reassigned; and, one project replaced from the Regional Water System list.

- *Bay Division (BDPL) Nos. 1 & 2 - Repair of Caisson & Pipe Bridge:* The original scope was to: (1) Conduct a condition assessment of the structures; (2) Develop seismic rehabilitation/replacement plans for the pipes, pipe bridge, caisson, submarine pipelines; pipe exterior coating, and internal lining of pipes; and, (3) Implement improvement plans. However, the alternative chosen for the BDPL Hydraulic Upgrade Project makes the BDPL Nos. 1 & 2 Project redundant along the sections associated with the Pipe Bridge and the Caisson structure. To ensure operability of the system until the new BDPL No. 5 Tunnel is constructed, condition assessment to determine survivability of pipes, pipe bridge, caisson, and submarine pipelines for the next 15 years will be performed under this project.
- *Water System Automation (Hetch Hetchy)* was reassigned to align with preferred system service levels, identified in the SFPUC Commission workshop of January 13, 2005.
- *Early Intake Reservoir Resurface Dam - Hetch Hetchy Project* was reassigned from the WSIP. Work will be completed under the Repair & Replacement Program (R&R).
- *Mountain Tunnel Lining (Hetch Hetchy) Project* was reassigned. Work will be completed under the R&R Program.
- *Early Intake Reservoir - Lower Spillway & Adjustable Weir Project* was reassigned. Work will be completed under the R&R Program.
- *Foothill Tunnel Repairs Project* was reassigned. Work will be completed under R&R Program.

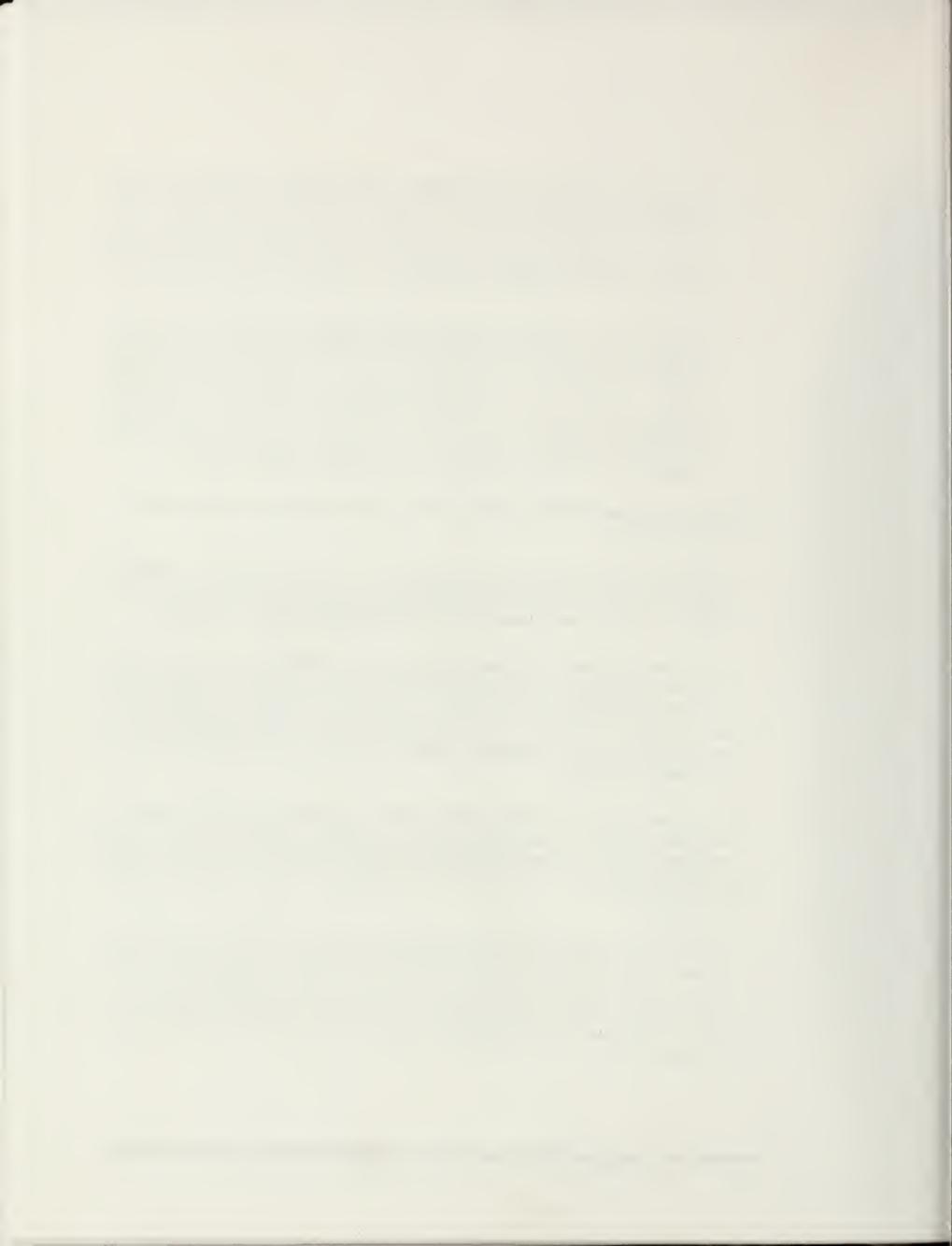


- *Sunol Quarry Reservoirs* was reassigned. Development of the quarry pits will require the design and construction of needed infrastructure to move water in and out of the pits for use. A number of quarry operator pipelines that currently intersect the quarry pits will need to be relocated. Coordination of these activities will need to be linked to the current and future lease of the quarries.
- *Enlarge Sunol Treatment Capacity to 240 MGD:* This project was to address the planning, design and construction of the Sunol Valley Treatment Plant (SVWTP) expansion to 240 MGD peak capacity. However, the 240 MGD supply is more than the policy service levels established by the SFPUC Commission that require the provision of 300 MGD sustainable supply with the Hetch Hetchy system out of service. This project will be replaced by the "Additional 40 MGD Treated Water Supply Project" described below.

New Projects Added to WSIP: Four projects have been added to the Regional WSIP since the 2003 Update.

- *Programmatic Environmental Impact Report:* The Programmatic Environmental Impact Report will facilitate the programmatic environmental review process for the WSIP. This change was discussed in the 2004 CIP Status Report and Update.
- *Baden and San Pedro Valve Lots Improvements:* Disruption of flow at these valve lots in an earthquake isolates Peninsula and City of San Francisco customers from all three of the SFPUC's water sources. Therefore it is critical that these facilities are seismically retrofitted in order remain operational after an earthquake. In addition, improvements are needed at these locations to allow backflow to the South Bay from the HTWTP.
- *BDPL No. 4 Slip-line PCCP Sections:* Based on preliminary condition assessment and evaluation of rehabilitation needs of the Bay Division Pipelines, it was determined that the Prestressed Concrete Cylinder Pipe (PCCP) sections of Bay Division Pipeline No. 4 have to be rehabilitated to meet seismic reliability requirements.

This project will slip-line (insert new welded steel pipe and grout the annular space between new and old pipe) reaches of BDPL No. 4 that are constructed of PCCP; from Irvington Tunnel to Calaveras Valve Lot and from Stanford Tunnel West Portal to Pulgas Portal. The slip lining will improve seismic performance, extend life, and improve service reliability of BDPL No. 4 and the entire Bay Division Pipelines system.



- **Water Treatment Plant - Additional 40 MGD:** This project will provide an additional 40 MGD treatment capacity in order to sustain a reliable water filtration capacity of 300 MGD for the case when the Hetch Hetchy water supply is not available. The project will require construction of a new flocculation and sedimentation system, 3 dual media filters, addition of a flow distribution chamber, filtered water piping, chemical feed and piping system, upgrade of electrical supply system, piping, valves, mechanical and electrical work, site excavation and grading.

Projects Expanded into the Regional WSIP: Two projects were expanded to also cover the Regional WSIP:

- **Regional Groundwater Project** includes 10 groundwater production wells, estimated to be 600 feet deep, in San Mateo County to allow for increased groundwater production during a drought or an emergency. Well pump stations, disinfection units, and 250 feet of piping are assumed. Additional funds are also reserved to cover stormwater reinfiltration projects in Daly City and San Francisco that would increase basin yield and reduce flooding from the Vista Grande Canal to Lake Merced. Projects being considered are (1) Re-alignment of the Vista Grande canal to provide additional flood capacity, promote stormwater infiltration and create wetland and riparian habitat as mitigation for other WSIP Projects; (2) Stormwater Pretreatment (Continuous Deflection System); (3) Route a portion of Daly City/Vista Grande Stormwater into Impound Lake portion of Lake Merced to recharge the Westside Groundwater Basin and maintain lake levels; and, (4) Construct infiltration basins in Daly City. The SFPUC would contribute up to 50 percent for design and up to 80 percent of construction cost for such projects.
- **Regional Recycled Water Project:** The SFPUC is partnering with North Coast County Water District on a recycled water project to irrigate areas of Pacifica and Sharp Park Golf Course;

The SFPUC is also partnering with the cities of South San Francisco, San Bruno, and Cal Water (South SF) in a recycled water feasibility study to evaluate potential reductions in both potable water use and groundwater pumping.

AVAILABILITY OF DOCUMENTS

The Draft Regional Water System Improvement Program 2005 (*Response to AB 1823 Legislation*) has been issued. This report can be accessed at www.sfwater.org or by contacting the Commission Secretary at 415/554-3165.

Mary Y. Jung
Secretary, Public Utilities Commission



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4/26/05 Agenda SF Public Utilities Commission

04/21/2005

Gavin Newsom
MAYOR

AGENDA**REGULAR MEETING**

Tuesday, April 26, 2005
1:30 P.M.

City Hall, Room 400
Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Richard Sklar, President
 The Honorable Ann Moller Caen, Vice President
 The Honorable E. Dennis Normandy
 The Honorable Adam Werbach
 The Honorable Ryan L. Brooks

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
 Hetch Hetchy Water & Power
 Wastewater Program
 Water Pollution Control

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Susan Leal
GENERAL MANAGER

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Mary Y. Jung
SECRETARY

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Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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(Chapter 67 of the San Francisco Administrative Code)**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

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room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call

PUBLIC HEARING

3. Public Hearing to consider changes to the Water System/Capital Improvement Program. (Persons who are unable to attend the public hearing may submit written comments to the SFPUC by the time the proceedings begin. These comments will be brought to the attention of the Commission and become part of the official public record. Such comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Irons/Kelly/Carlin)

Staff Recommendation: Adopt changes to the Water System/Capital Improvement Program Update and Appendices, dated March 25, 2005, and direct the General Manager of Public Utilities to submit the documents and reasons for certain changes to the California Joint Legislative Audit Committee, the California Seismic Safety Commission, and the California Department of Health Services.

Click below for the link.

[Water System Improvement Program \(WSIP\)](#)

4. Approval of Minutes
 - a) Minutes of the March 22, 2005, Special Meeting
 - b) Minutes of the March 22, 2005, Regular Meeting

c) Minutes of the April 12, 2005, Regular Meeting

d) Minutes of the April 14, 2005, Special Meeting

5. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

6. Communications

7. Old/Ongoing Business by Commissioners

8. Introduction of New Business by Commissioners

9. Commission Business

10. Report of the General Manager

a) Water System Improvement Program Financing Plan (Sandler)

b) Programmatic Environmental Impact Report Community Meetings (Spanjian)

c) Quarterly Legislative Update – Local, State, and Federal (Spanjian)

d) World Environment Day (Spanjian)

e) Power Enterprise Business Plan (Hale) Continued from the meeting of April 12, 2005)

f) Commercial and Residential Water Conservation Incentives (Haasz)

g) Well Ordinance Report (Bartow)

11. SFPUC Citizen's Advisory Committee (CAC) Chair's Report

a) Update (Pascal)

12. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

a) Update (Jensen)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE

GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE. Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

13. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- a) Staff Recommendation: Award Professional Services Agreement Nos. CS-768B, CS-768C, and CS-768D – Technical Advisory Services, New Crystal Springs Bypass (Polhemus) Tunnel; to Bahram Khamenehpour, John Eidinger, and P.E. Sperry as the Polhemus Technical Advisory Panel (PTAP), to provide technical advice for the New Crystal Springs Bypass (Polhemus) Tunnel design team; and authorize the General Manager of Public Utilities to negotiate and execute said agreements for three individual contracts not to exceed \$50,000 each, and with a duration of 24 months each.
- b) Staff Recommendation: Award Contract No. WD-2459, 8-Inch Ductile Iron Main Installation in Monterey Boulevard, in the amount of \$1,328,900 to Shaw Pipeline, Inc. (Continued from the meeting of April 12, 2005)
- c) Staff Recommendation: Accept work performed under Contract No. CW-315, Southeast Water Pollution Control Plant Building 930 and 940 HVAC Improvements, approve Modification No. 2 (Final) increasing the contract by \$7,637 for a total contract amount of \$1,074,846, and authorize final payment of \$17,637 to LC General Engineering and Construction, Inc. (Continued from the meeting of April 12, 2005)
- d) Staff Recommendation: Accept work performed under Contract No. WD-2366, Scott Street 8-Inch Ductile Iron Main Installation, approve Modification No. 1 (Final) decreasing the contract by \$156,464.23, for a total contract amount of \$775,010.77, with a time extension of four consecutive calendar days for a total contract duration of 264 consecutive calendar days, and authorize final payment of \$48,250.53 to Shaw Pipeline, Inc.
- e) Staff Recommendation: Accept work performed under Contract

No. WD-2390R, Ingoing Slide Repair Near 5-Points, approve Modification No. 1 (Final), decreasing the contract by \$48,656 for a total contract amount of \$285,375, and authorize final payment of \$64,204 to Siteworks Construction.

f) Staff Recommendation Ratify the Declaration of Emergency related to slope and drainage repairs at the Harry Tracy Water Treatment Plant made by the General Manager of Public Utilities, dated April, 4, 2005, and approved by the Vice President of the Commission.

REGULAR BUSINESS

14. Discussion and possible action related to honoring Ms. Alexis Halstead upon her retirement. (Carlin)

Staff Recommendation: Commemorate Ms. Alexis Halstead for her service to the San Francisco Public Utilities Commission upon her retirement.

15. Discussion and possible action related to the Debt Service Reserve Fund for the Clean Water Revenue Bonds 2003 Refunding Series A. (Sandler)

Staff Recommendation: Authorize release of cash held in the Debt Service Reserve Fund for the Clean Water Revenue Bonds 2003 Refunding Series A and replace such cash with a surety policy in accordance with the Indenture and make such released cash available to fund capital improvements to the Wastewater Enterprise included in the Fiscal Year 2006 capital budget.

16. Discussion and possible action related to an agreement with Tuolumne County for essential services. (Laramendy) (Continued from the meetings of March 22, 2005 and April 12, 2005)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an agreement with Tuolumne County for essential services, including sheriff, fire, and ambulance support services, for a period of five years.

17. Discussion and possible action related to a Request for Proposals for Agreement No. DB-105, Solar Photovoltaic Installation at Northpoint Water Pollution Control Plant. (Hale) (Continued from the meeting of April 12, 2005)

Staff Recommendation: Authorize the General Manager of Public Utilities to issue a Request for Proposals for Agreement No. DB-105, a design-build agreement to construct a 300 kilowatt solar electric system on the roof of the Northpoint Water Pollution Control Plant for an amount not to exceed \$2.4 million; notify the Board of

Supervisors of this design-build advertisement; receive proposals; conduct a selection process to identify the best qualified firm; negotiate an agreement with the vendor and a Memorandum of Understanding for repayment with the Wastewater Enterprise; and return to the Commission and Board of Supervisors for approval.

18. Discussion and possible action related to rescinding Resolution No. 05-0034 which awarded Agreement No. DB-102, Phase A, Photovoltaic Systems at four Community Sites. (Hale)

Staff Recommendation: Rescind Resolution No. 05-0034, adopted by the San Francisco Public Utilities Commission on March 11, 2005, awarding Agreement No. DB-102, a design-build agreement to construct 2.5 kW photovoltaic systems at the Chinatown Branch Library at 1135 Powell, Maxine Hall Medical Center at 1301 Pierce, Chinatown Medical Center at 1490 Mason and Presidio Branch Library at 3150 Sacramento, in the amount of \$100,000 to MC Solar.

Authorize the General Manager of Public Utilities to request proposals for Agreement No. DB-102R, Ten-Site Solar Project, for an amount not to exceed \$250,000; receive proposals for said design-build agreement; conduct a selection process to identify the best qualified firm to provide design-build services; negotiate a design-build agreement; return to the Commission for award; and notify the Board of Supervisors of this design-build agreement.

REAL PROPERTY TRANSACTIONS

19. Discussion and possible action related to the sale of property located in South San Francisco to the Urban Housing Group. (Dowd) (Continued from the meetings of March 22, 2005 and April 12, 2005)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to sell 207 square feet located at 1410 El Camino Real (portion of parcel number 010-292-260) in South San Francisco to the Urban Housing Group.

CONSTRUCTION CONTRACTS

Award

20. Discussion and possible action related to Contract No. CW-369R, North Point Facility Wet Weather Improvements. (Irons)

Staff Recommendation: Award Contract No CW-369R to Monterey Mechanical Co. in the amount of \$20,078,542, with a duration of 611 calendar days.

Terminate

21. Discussion and possible action related to terminating Contract No. WD-2349R, Thomas Shaft Water Supply Improvement. (Kelly) (Continued from the meetings of March 22, 2005 and April 12, 2005)

Staff Recommendation: Terminate for convenience Contract No. WD-2349R, awarded to Proven Management in the amount of \$1,198,785 and authorize the General Manager of Public Utilities to re-advertise the contract, receive and evaluate bids for said contract; and return to the Commission with a recommendation for award.

PROFESSIONAL SERVICE CONTRACTS**Amend**

22. Discussion and possible action related to amending Agreement No. CS-721, Legislative Representation and Advocacy Services. (Spanjian)

Staff Recommendation: Approve Amendment No. 2 to Agreement No. CS-721, with Daryl Owen Associates, Inc., and authorize the General Manager of Public Utilities to exercise the option to extend the agreement by 365 consecutive calendar days for a total duration of 790 consecutive calendar days, and adding \$275,000 for a total contract amount not to exceed \$550,000, and replacing The Robert Group with Hope Road Consulting as the subcontractor.

CLOSED SESSION

23. Public comments on matters to be discussed in Closed Session.

24. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

25. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Clayton) (Continued from meetings of March 22, 2005 and April 12, 2005).

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(b)(3)(A) and San Francisco Administrative Code Section 67.10(d)(1): (Roddy/Margolis) (Continued from the meetings of March 22, 2005 and April 12, 2005)

Existing Litigation: San Francisco Unified School District v. City and County of San Francisco; San Francisco Superior Court, Case No. 436240

27. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1): (Mueller) (Continued from the meetings of March 22, 2005 and April 12, 2005)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM

28. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d)(2): (Mueller) (Continued from the meetings of March 22, 2005 and April 12, 2005)

Anticipated Litigation: As plaintiff regarding certain claims against Pacific Gas and Electric Company.

29. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San

Francisco Administrative Code 67.10(d)(1): (Simpson)

Existing Litigation: Abbushi v. City and County of San Francisco, et al, San Francisco Superior Court Case No. 04-436545.

30. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1): (Clayton) (Continued from the meeting of April 12, 2005).

Existing Litigation: John Yee Claim No. 05-00923

31. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d): (Greenman) (Continued from the meeting of April 12, 2005)

Existing Litigation: San Francisco Bay Area Rapid Transit District v. City and County of San Francisco, Alameda County Superior Court No. HG03 099024

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

32. Announcement following Closed Session.

33. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



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Commission

For Questions about this item, please contact us.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

DOCUMENTS DEPT.

MINUTES

MAY - 6 2005

April 26, 2005
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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PUBLIC LIBRARY

COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

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Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Wastewater Water Program
Water Pollution Control

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Customer Service
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Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Susan Leal
GENERAL MANAGER

Mary Y. Jung
SECRETARY





ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.
2. Roll Call: Present – President Richard Sklar, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Adam Werbach, and Commissioner Ryan L. Brooks

PUBLIC HEARING

3. Public Hearing to consider changes to the Water System/Capital Improvement Program (WS/CIP).

President Sklar reported the SFPUC was continuing work with stakeholders on the WS/CIP projects and requested holding off the hearing until a later date.

Moved by President Sklar, seconded by Commissioner Normandy, to continue the Public Hearing to the Call of the Chair; passed (5-0) unanimously.

Staff Recommendation: Adopt changes to the Water System/Capital Improvement Program Update and Appendices, dated March 25, 2005, and direct the General Manager of Public Utilities to submit the documents and reasons for certain changes to the California Joint Legislative Audit Committee, the California Seismic Safety Commission, and the California Department of Health Services.

4. Approval of Minutes

Moved by Commissioner Werbach, seconded by Commissioner Brooks, to adopt the Minutes of the March 22, 2005, Special Meeting, Minutes of the March 22, 2005, Regular Meeting, Minutes of the April 12, 2005, Regular Meeting, and the Minutes of the April 14, 2005, Special Meeting; passed (5-0) unanimously.

5. Public Comments

Ms. Jane Martin, Shotwell Tenants Association, announced she started a new organization called PlantSF.org which focused on permeable landscaping and asked that this be considered a component of the sewer system. She described the website as a how-to site and noted similar programs were available as models in Oakland and San Jose. Ms. Susan Leal, General Manager of Public Utilities, responded that staff was exploring this option as part of the Wastewater Master Plan. Commissioner Werbach asked Ms. Martin to come back before the Commission in 4-6 months with a progress report. *Commissioner Normandy asked the Commission Secretary to provide hard copies of the information on the*



web site. Commissioner Brooks asked the General Manager for any studies about water diversion from the City's sewers and drains.

6. Communications

There was no discussion.

Commissioner Werbach announced the birth of Commissioner Brooks' newborn son on April 22, 2005, named Ryder Lawrence Brooks, and congratulated him.

7. Old/Ongoing Business by Commissioners

Commissioner Brooks asked about the status of the report on the Owner Controlled Insurance Program, including any other insurance practices the Commissioners should be aware of and information on how SFPUC purchased insurance. Ms. Leal replied staff was working with the City Attorney's Office and consultants and planned on reporting to the Commission soon.

Commissioner Brooks asked that As-Needed Contracts also be discussed soon. President Sklar replied as-needed contracts could be discussed as soon as Mr. Tony Irons, Deputy General Manager of Capital Programs, was ready.

Commissioner Werbach asked on the progress of the Sustainability Plan and if it could be reported on at the June 14, 2005, meeting. Ms. Laura Spanjian, Assistant General Manager of External Programs, replied there were two bidders and she expected to bring an agenda item for award of this contract to the May 26, 2005, regular meeting.

8. Introduction of New Business by Commissioners

Vice President Caen referenced the most recent Budget Variance Report and asked for more details regarding overtime and salaries. Mr. Scott MacDonald, Assistant General Manager of Business Services, replied staff would follow up to her questions and was also planning on reviewing the quarterly reports to determine how they could be modified to provide more useful information. President Sklar suggested that anytime there were variations of significance in the report, an explanation should be automatically provided.

President Sklar asked if Ms. Alexis Halstead was in the audience. Noting her absence, he asked the Commission to continue Item No. 14 to the next regular meeting.

9. Commission Business

Commissioner Normandy reminded the Commission and staff he and Commissioner Werbach requested a Resolution Index over a year ago and asked the Commission Secretary to place this project on an accelerated track.



10. Report of the General Manager

Ms. Leal announced the presentation of the U.S. Environmental Protection Agency "Plant of the Year Award" ceremony would take place on April 27, 2005, at the Oceanside Water Pollution Control Plant.

a. Water System Improvement Program (WSIP) Financing Plan

Mr. Eric Sandler, Finance Director, presented the Financing Plan and reviewed debt management objectives. He also provided detailed information about comparative financing and refinancing – including variable, commercial and fixed rates. He stated the goal was to manage the debt within the Commission's objectives and achieve and maintain the highest practicable credit rating to lower the cost of debt and maintain maximum financial flexibility. There was some discussion between the Commission and staff regarding the assumptions used and surety bonds.

President Sklar asked Mr. Irons about the San Joaquin Pipeline and the existing and proposed new pipelines and asked him to identify, from the WSIP list of projects, those projects that were unlikely to be replaced by an alternative project.

Mr. Irons replied SFPUC was working with the City Planning Department (CPD) and reported CPD asked which projects could be considered outside the Programmatic Environmental Impact Review (PEIR) and which were considered independent utility stand-alone projects. Mr. Irons indicated he was also forwarding a list of urgent and immediate need requests to the CPD soon.

Mr. Irons explained the appropriation process for FY 2005-2006. *President Sklar asked that any appropriation requests be submitted to the Board of Supervisors in draft form.*

Public Comment:

Ms. Jennifer Clary, Bay Area Water Stewards, stated the organization was interested in seeing the important seismic projects move forward outside of the PEIR and would be willing to cooperate and meet with SFPUC staff on this.

b) Programmatic Environmental Impact Report (PEIR) Community Meetings

Ms. Spanjian stated SFPUC has undertaken a strong public outreach campaign which would start in May. Called pre-scoping meetings, the meetings would be held in four different cities and would be informational as well as allow for public comment and questions.



c) Quarterly Legislative Update – Local, State and Federal

Ms. Spanjian provided an update on SFPUC's legislative priorities. She stated the Federal Legislative Priorities included: (1) Fee increase for use of Hatch Hatchy, (2) Importance of Hatch Hatchy Water Supply to 2.5 million customers, (3) CALFED, (4) Regulatory changes, and (5) Appropriation for Shotwell Street Flood Control Project.

Ms. Spanjian reported the State Legislative Priorities included: (1) Senate Bill 926 – prohibit any county from exporting sewage sludge to another county, (2) Assembly Bill 672 – require fishing, canoeing and hiking be permitted on all drinking water reservoirs and areas adjacent to reservoirs, (3) Senate Bill 820 – Require water agencies to undertake cost effective conservation measures; (4) Senate Bill 113 – Impose a user fee on all water users in California to fund CALFED's Ecosystem Restoration Program and (5) Power bills pertaining to Resource Adequacy, Renewable Portfolio Standards and Solar.

In regard to the Local Legislative Priorities, Ms. Spanjian stated staff had been active in efforts to: (1) Protect SFPUC budget, (2) Gain approval for rate restructuring, (3) Facilitate discussion of Community Choice Aggregation, (4) Low flow retrofit legislation, (5) Keep staff updated on all legislation that could affect SFPUC, and (6) Keep members of the Board of Supervisors apprised of updates to the WSIP and other enterprise projects.

Ms. Spanjian reported the Government Affairs Division continued to act as the liaison between SFPUC and municipalities that were served or affected by the SFPUC system, (3) Improve existing relationships and foster new contacts, (3) Develop regional outreach plan to regularly update regional elected officials about WSIP and other SFPUC activities and (4) Develop regional outreach protocols to ensure consistent communications between SFPUC and other municipalities.

d) World Environment Week

Ms. Spanjian reported World Environment Week is June 1-5, 2005, and San Francisco is the host City. With a theme of "Green Cities," the week would feature daytime seminars focusing on the "Urban Environmental Accord." She stated SFPUC would be conducting a number of tours focusing on water, wastewater and power and would participate in a number of panels on solar, renewables, green energy, conservation and recycling.

Commissioner Normandy asked that the Commission be apprised of the signature events for the week and how the Commissioners roles would fit into these events.



Public Comment:

Ms. Clary asked how decisions are made on legislation. President Sklar replied staff provided reports and the Commission gave direction when necessary. He noted the Commission did not make formal endorsements on legislation.

d) Power Enterprise Business Plan

Ms. Leal asked the Commissioners to review the information provided and submit questions to be answered at a later date. President Sklar suggested that the Commissioners read through the information and allow staff to schedule a meeting in 4-6 weeks, chaired by Commissioner Werbach, to fully vet the plan.

President Sklar asked Commissioner Normandy to take the lead on World Environment Day.

Commissioner Werbach, noting his past work with Commissioner Normandy regarding power rates, asked that this work be continued.

e) Commercial and Residential Water Conservation Incentives

Ms. Dana Haasz, Conservation Manager, provided a report on water conservation in San Francisco. Ms. Haasz noted there had been a 17 percent decrease in water consumption in the City, while the population had increased 10 percent.

She reported the low flow toilet program had been successful and was cost effective and efficient. SFPUC continued with the washing machine replacement program and instituted a spray valve program recently. She stated SFPUC had taken all residential conservation fixture replacement programs and opened them up to commercial customers. She indicated the commercial sector was a prime area for water conservation growth.

Ms. Haasz stated her division had applied for a grant to look at submetering and was looking at legislation to submeter multi-unit buildings. President Sklar asked for information on the possibilities of requiring submetering on all new multi-family construction. Ms. Haasz relayed studies were done regarding conservation measures and cost effectiveness with some of the major industries in the City, such as hospitals and hotels. President Sklar stated it would be helpful to come up with a plan and supply the financial justification for implementing it. Ms. Haasz agreed to come back before the Commission with a more detailed plan.

Public Comment:



Mr. Art Jensen, General Manager of Bay Area Water Supply and Conservation Agency, provided conservation information from the suburban customers, noting the aggressive nature of their programs and their successes. He applauded the Commission for their leadership on conservation measures and the focus on cost effectiveness and practicality.

The Commission recessed at 3:41 P.M.

The Commission reconvened at 3:52 P.M.

f) Well Ordinance Report

Mr. Greg Bartow, Integrated Water Resources Manager, provided information on the proposed amendment to the Soil Boring and Well Regulation Ordinance, which is part of San Francisco's Health Code. He stated this amendment would allow the SFPUC to have a regulatory role in ground water protection, instead of a monitoring and assessment role.

Commissioner Brooks was excused from the meeting at 4:00 P.M.

11. SFPUC Citizen's Advisory Committee (CAC) Chair's Report

a) Update

Mr. David Pascal, Chair of the SFPUC CAC, provided an update of the CAC, including their accomplishments to date. He stated the CAC's goals were to support the SFPUC in developing and enacting good sound public policy. He reported the Water Subcommittee, the Wastewater Subcommittee, and the Power Subcommittee had all developed short lists of their issues and their goals and objectives.

12. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

a) Update

Mr. Jensen stated he thought it appropriate the Commission held over submittal of the WSIP documents to the State, noting BAWSCA submitted comments and it made sense for all the relative materials to be together for State review. He noted BAWSCA submitted nine recommendations and specific comments on portions of the report. He stated BAWSCA had already done two reviews and the first review was concerned with the cost and schedule of the WSIP, which questioned the accuracy of the costs involved. Ms. Leal asked for a copy of the report and Mr. Jensen agreed to provide it.



CONSENT CALENDAR

13. Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the items (a through f) listed under the Consent Calendar; passed (4-0) unanimously.

- a) Resolution No. 05-0059: Award Professional Services Agreement Nos. CS-768B, CS-768C, and CS-768D – Technical Advisory Services, New Crystal Springs Bypass (Polhemus) Tunnel; to Bahram Khamenehpour, John Eldinger, and P.E. Sperry as the Polhemus Technical Advisory Panel (PTAP), to provide technical advice for the New Crystal Springs Bypass (Polhemus) Tunnel design team; and authorize the General Manager of Public Utilities to negotiate and execute said agreements for three individual contracts not to exceed \$50,000 each, and with a duration of 24 months each.
- b) Resolution No. 05-0060: Award Contract No. WD-2459, 8-Inch Ductile Iron Main Installation in Monterey Boulevard, in the amount of \$1,328,900 to Shaw Pipeline, Inc.
- c) Resolution No. 05-0061: Accept work performed under Contract No. CW-315, Southeast Water Pollution Control Plant Building 930 and 940 HVAC Improvements, approve Modification No. 2 (Final) increasing the contract by \$7,637 for a total contract amount of \$1,074,846, and authorize final payment of \$17,637 to LC General Engineering and Construction, Inc.
- d) Resolution No. 05-0062: Accept work performed under Contract No. WD-2366, Scott Street 8-Inch Ductile Iron Main Installation, approve Modification No. 1 (Final) decreasing the contract by \$156,464.23, for a total contract amount of \$775,010.77, with a time extension of four consecutive calendar days for a total contract duration of 264 consecutive calendar days, and authorize final payment of \$48,250.53 to Shaw Pipeline, Inc.
- e) Resolution No. 05-0063: Accept work performed under Contract No. WD-2390R, Ingoing Slide Repair Near 5-Points, approve Modification No. 1 (Final), decreasing the contract by \$48,656 for a total contract amount of \$285,375,



and authorize final payment of \$64,204 to Siteworks Construction.

f) Resolution No. 05-0064: Ratify the Declaration of Emergency related to slope and drainage repairs at the Harry Tracy Water Treatment Plant made by the General Manager of Public Utilities, dated April, 4, 2005, and approved by the Vice President of the Commission.

REGULAR BUSINESS

14. Discussion and possible action related to honoring Ms. Alexis Halstead upon her retirement.

Staff Recommendation: Commemorate Ms. Alexis Halstead for her service to the San Francisco Public Utilities Commission upon her retirement.

Due to Ms. Halstead's absence, the item was continued to the meeting of May 10, 2005.

15. Discussion and possible action related to the Debt Service Reserve Fund for the Clean Water Revenue Bonds 2003 Refunding Series A.

Moved by Vice President Caen, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0065: Authorize release of cash held in the Debt Service Reserve Fund for the Clean Water Revenue Bonds 2003 Refunding Series A and replace such cash with a surety policy in accordance with the Indenture and make such released cash available to fund capital improvements to the Wastewater Enterprise included in the Fiscal Year 2006 capital budget.

16. Discussion and possible action related to an agreement with Tuolumne County for essential services.

Moved by Commissioner Normandy; seconded by Commissioner Werbach, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0066: Authorize the General Manager of Public Utilities to execute an agreement with Tuolumne County for essential services, including sheriff, fire, and ambulance support services, for a period of five years.



17. Discussion and possible action related to a Request for Proposals for Agreement No. DB-105, Solar Photovoltaic Installation at Northpoint Water Pollution Control Plant.

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the following resolution, as amended; passed (4-0) unanimously.

Resolution No. 05-0067: Authorize the General Manager of Public Utilities to issue a Request for Proposals for Agreement No. DB-105, a design-build agreement to construct a 300 kilowatt solar electric system on the roof of the Northpoint Water Pollution Control Plant for an amount not to exceed \$2.4 million; notify the Board of Supervisors of this design-build advertisement; receive proposals; conduct a selection process to identify the best qualified firm; negotiate an agreement with the vendor and a Memorandum of Understanding for repayment with the Wastewater Enterprise; and return to the Commission and Board of Supervisors for approval.

18. Discussion and possible action related to rescinding Resolution No. 05-0034 which awarded Agreement No. DB-102, Phase A, Photovoltaic Systems at four Community Sites.

Moved by Vice President Caen, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 05-0068: Rescind Resolution No. 05-0034, adopted by the San Francisco Public Utilities Commission on March 11, 2005, awarding Agreement No. DB-102, a design-build agreement to construct 2.5 kW photovoltaic systems at the Chinatown Branch Library at 1135 Powell, Maxine Hall Medical Center at 1301 Pierce, Chinatown Medical Center at 1490 Mason and Presidio Branch Library at 3150 Sacramento, in the amount of \$100,000 to MC Solar.

Authorize the General Manager of Public Utilities to request proposals for Agreement No. DB-102R, Ten-Site Solar Project, for an amount not to exceed \$250,000; receive proposals for said design-build agreement; conduct a selection process to identify the best qualified firm to provide design-build services; negotiate a design-build agreement; return to the



Commission for award; and notify the Board of Supervisors of this design-build agreement.

REAL PROPERTY TRANSACTIONS

19. Discussion and possible action related to the sale of property located in South San Francisco to the Urban Housing Group.

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the following resolution passed (4-0) unanimously.

Resolution No. 05-0069: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to sell 207 square feet located at 1410 El Camino Real (portion of parcel number 010-292-260) in South San Francisco to the Urban Housing Group.

CONSTRUCTION CONTRACTS

Award

20. Discussion and possible action related to Contract No. CW-369R, North Point Facility Wet Weather Improvements.

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the following resolution passed (4-0) unanimously.

Staff Recommendation: Award Contract No CW-369R to Monterey Mechanical Co. in the amount of \$20,078,542, with a duration of 611 calendar days.

Terminate

21. Discussion and possible action related to terminating Contract No. WD-2349R, Thomas Shaft Water Supply Improvement.

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the following resolution passed (4-0) unanimously.

Resolution No. 05-0071: Terminate for convenience Contract No. WD-2349R, awarded to Proven Management in the amount of \$1,198,785 and authorize the General Manager of Public Utilities to re-advertise the contract, receive



and evaluate bids for said contract; and return to the Commission with a recommendation for award.

PROFESSIONAL SERVICE CONTRACTS

Amend

22. Discussion and possible action related to amending Agreement No. CS-721, Legislative Representation and Advocacy Services.

Moved by Commissioner Normandy, seconded by Vice President Caen, to adopt the following resolution passed (4-0) unanimously.

Resolution No. 05-0072: Approve Amendment No. 2 to Agreement No. CS-721, with Daryl Owen Associates, Inc., and authorize the General Manager of Public Utilities to exercise the option to extend the agreement by 365 consecutive calendar days for a total duration of 790 consecutive calendar days, and adding \$275,000 for a total contract amount not to exceed \$550,000, and replacing The Robert Group with Hope Road Consulting as the subcontractor.

Commissioner Normandy was excused from the meeting at 4:35 P.M.

CLOSED SESSION

23. Public comments on matters to be discussed in Closed Session.

There were no public comments.

24. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Werbach, seconded by Vice President Caen, to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission met in Closed Session at 4:37 P.M. to discuss the items in the following order:

25. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a).

Present were President Sklar, Vice President Caen, Commissioner Werbach, General Manager Leal, Deputy General Manager of Capital Programs Irons, SFPUC Legal Counsel Clayton, Commission Secretary Mary Y. Jung, Assistant



General Manager of Power Hale, Assistant General Manager of Infrastructure Kelly, Deputy City Attorney Marty Greenman, Deputy City Attorney Don Margolis, Deputy City Attorney Theresa Mueller, and Deputy City Attorney John Roddy.

Consultation with: Agency counsel concerning security of SFPUC Water and Power Systems.

There was no action.

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(b)(3)(A) and San Francisco Administrative Code Section 67.10(d)(1): (Roddy/Margolis)

Present were President Sklar, Vice President Caen, Commissioner Werbach, General Manager Leal, SFPUC Legal Counsel Clayton, Commission Secretary Mary Y. Jung, Assistant General Manager of Power Hale, Assistant General Manager of Infrastructure Kelly, Deputy City Attorney Marty Greenman, Deputy City Attorney Don Margolis, Deputy City Attorney Theresa Mueller, and Deputy City Attorney John Roddy.

Existing Litigation: San Francisco Unified School District v. City and County of San Francisco; San Francisco Superior Court, Case No. 436240

27. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1): (Mueller)

Present were President Sklar, Vice President Caen, Commissioner Werbach, General Manager Leal, SFPUC Legal Counsel Clayton, Commission Secretary Mary Y. Jung, Assistant General Manager of Power Hale, Assistant General Manager of Infrastructure Kelly, Deputy City Attorney Marty Greenman, and Deputy City Attorney Theresa Mueller.

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM

There was no action.

28. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d)(2): (Mueller)

Present were President Sklar, Vice President Caen, Commissioner Werbach, General Manager Leal, SFPUC Legal Counsel Clayton, Commission Secretary Mary Y. Jung, Assistant General Manager of Power Hale, Assistant General



Manager of Infrastructure Kelly, Deputy City Attorney Marty Greenman, and Deputy City Attorney Theresa Mueller.

Anticipated Litigation: As plaintiff regarding certain claims against Pacific Gas and Electric Company.

There was no action.

31. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d): (Greenman)

Present were President Sklar, Vice President Caen, Commissioner Werbach, General Manager Leal, SFPUC Legal Counsel Clayton, Commission Secretary Mary Y. Jung, Assistant General Manager of Infrastructure Kelly, and Deputy City Attorney Marty Greenman.

Moved by Commissioner Werbach, seconded by Vice President Caen to adopt the following resolution; passed (3-0) unanimously.

Existing Litigation: San Francisco Bay Area Rapid Transit District v. City and County of San Francisco, Alameda County Superior Court No. HG03 099024

Resolution No.

29. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1): (Simpson)

Present were President Sklar, Vice President Caen, Commissioner Werbach, General Manager Leal, SFPUC Legal Counsel Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Werbach, seconded by Vice President Caen to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Abbushi v. City and County of San Francisco, et al, San Francisco Superior Court Case No. 04-436545.

Resolution No.

30. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code 67.10(d)(1):

Present were President Sklar, Vice President Caen, Commissioner Werbach, General Manager Leal, SFPUC Legal Counsel Clayton, and Commission Secretary Mary Y. Jung.



Moved by Commissioner Brooks, seconded by Commissioner Werbach to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: John Yee
Claim No. 05-00923

Resolution No.

Following the Closed Session, the Commission reconvened in Open Session at 5:19 P.M.

32. Announcement following Closed Session.

President Sklar announced the actions taken in Closed Session.

33. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Werbach, seconded by Vice President Caen, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 5207 P.M.

Mary Y. Jung
Secretary

85462



